

## OMB APPROVAL

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Page 1 of \* 52

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

File No.\* SR - 2016 - \* 002

Amendment No. (req. for Amendments \*)

Filing by Chicago Board Options Exchange

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Security-Based Swap Submission pursuant  
to the Securities Exchange Act of 1934

Section 806(e)(1) \*

Section 806(e)(2) \*

Section 3C(b)(2) \*

Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document



### Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

Proposal 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 action.

First Name \* Corinne Last Name \* Klott  
 Title \* Senior Counsel  
 E-mail \* klott@cboe.com  
 Telephone \* (312) 786-7793 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.

(Title \*)

Date 01/04/2016

By Corinne Klott

(Name \*)

Attorney

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.

Persona Not Validated - 1439308854429,

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549	
For complete Form 19b-4 instructions please refer to the EFFT website.	
<div>Form 19b-4 Information *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Exhibit 1 - Notice of Proposed Rule Change *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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)
<div>Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
<div>Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications</div> <div><div>Add</div><div>Remove</div><div>View</div></div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	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.
<div>Exhibit 3 - Form, Report, or Questionnaire</div> <div><div>Add</div><div>Remove</div><div>View</div></div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	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.
<div>Exhibit 4 - Marked Copies</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Exhibit 5 - Proposed Rule Text</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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.
<div>Partial Amendment</div> <div><div>Add</div><div>Remove</div><div>View</div></div>	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 the Proposed Rule Change**

(a) Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) proposes to amend its Fees Schedule. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

**Item 2.        Procedures of the Self-Regulatory Organization**

(a) The Exchange’s President pursuant to delegated authority approved the proposed rule change on January 4, 2016.

(b) Please refer questions and comments on the proposed rule change to Joanne Moffic-Silver, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7462, or Corinne Klott, (312) 786-7793, Chicago Board Options Exchange, Incorporated, 400 South LaSalle, Chicago, Illinois 60605.

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

(a) Purpose

The Exchange proposes to make a number of changes to its Fees Schedule, effective January 4, 2016.

**Market-Maker Affiliate Volume Plan**

The Exchange proposes to adopt the Market-Maker Affiliate Volume Plan (“AVP”). Specifically, under AVP, if a Trading Permit Holder (“TPH”) Affiliate<sup>1</sup> of a Market-Maker (including a Designated Primary Market-Maker (“DPM”) or Lead Market-

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<sup>1</sup> “Affiliate” is defined as having at least 75% common ownership between the two entities as reflected on each entity’s Form BD, Schedule A.

Maker ("LMM")) qualifies under the Volume Incentive Program ("VIP"), that Market-Maker will also qualify for a discount on that Market-Maker's Liquidity Provider Sliding Scale ("Sliding Scale") transaction fees. By way background, under VIP, the Exchange credits each Trading Permit Holder the per contract amount set forth in the VIP table resulting from each public customer ("C" origin code) order transmitted by that TPH (with certain exceptions) which is executed electronically on the Exchange in all underlying symbols excluding Underlying Symbol List A, DJX, XSP, XSPAM, credit default options, credit default basket options and mini-options, provided the TPH meets certain volume thresholds in a month.<sup>2</sup> Currently, VIP consists of four (4) tiers with the following thresholds; 0%-0.75%, above 0.75%-1.50%, above 1.50%-3.00% and above 3%. The Exchange proposes to provide that if a Market-Maker's Affiliate reaches Tier 2, Tier 3 or Tier 4 of VIP, that Market-Maker will receive a discount on their Sliding Scale Market-Maker transaction fees of 10%, 15% or 20%, respectively.<sup>3</sup> Below is a table demonstrating the proposed program.

<b>Tier</b>	<b>VIP Thresholds</b>	<b>AVP Transaction Fee Discount</b>
<b>1</b>	0.00% - 0.75%	0%
<b>2</b>	Above 0.75% - 1.50%	10%
<b>3</b>	Above 1.50% - 3.00%	15%
<b>4</b>	Above 3.00%	20%

<sup>2</sup> Currently, excluded from the VIP credit are options in Underlying Symbol List A, DJX, XSP, XSPAM, credit default options, credit default basket options, mini-options, QCC trades, public customer to public customer electronic complex order executions, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in Rule 6.80 (see CBOE Fees Schedule, Volume Incentive Program).

<sup>3</sup> The discount will be on transaction fees only (i.e., the rates charged pursuant to the Liquidity Provider Sliding Scale). Other fees, such as the Index License Surcharge, will not be discounted.

The Exchange believes AVP will incentivize the routing of orders to CBOE by TPHs that have both Market-Maker and agency operations, as well as incent Market-Makers to tighten market widths due to the reduced costs the incentives will provide. The Exchange notes that in the options industry, many options orders are routed by consolidators, which are firms that have both order router and Market-Maker operations. The Exchange is aware not only of the importance of providing credits on the order routing side in order to encourage the submission of orders, but also of the operations costs on the Market-Maker side. The Exchange believes AVP allows the Exchange to provide further relief to the Market-Maker side via the discount. Additionally, the Exchange believes AVP will attract more volume and liquidity to the Exchange, which will benefit all Exchange participants through increased opportunities to trade as well as enhancing price discovery.

#### Market-Maker Trading Permit Credits

Currently, Footnote 24 provides that if a Market-Maker or its affiliate receive a credit under VIP, that Market-Maker will receive a credit on its Market-Maker Trading Permit fees corresponding to the VIP tier reached (10% Market-Maker Trading Permit fee credit for reaching Tier 2 of the VIP, 20% Market-Maker Trading Permit fee credit for reaching Tier 3 of the VIP, and 30% Market-Maker Trading Permit fee credit for reaching Tier 4 of the VIP) (“Access Credit”). This credit does not apply to Market-Maker Trading Permits used for appointments in SPX, SPXpm, VIX, OEX and XEO. The Exchange proposes to make certain amendments to Footnote 24.

First, the Exchange proposes to clarify that a Market-Maker will receive an Access Credit if its Affiliate, not the Market-Maker itself, reaches certain VIP tiers (i.e.,

eliminate “or its” from “If a Market-Maker or its Affiliate...” As noted above, VIP credits are limited to TPHs executing customer orders. As such, Market-Maker orders would not be eligible to count towards the qualifying tiers or receive VIP credits. The Exchange believes the proposed change clarifies this point and alleviates potential confusion. The Exchange notes no substantive changes are being made by this clarification.

Next, the Exchange proposes to exclude from the Access Credit, Market-Maker Trading Permits used for appointments in the Russell 2000 Index (“RUT”). The Exchange notes that the proposed exclusion is similar to the exclusion of other proprietary and exclusive products. The Exchange notes the Exchange’s proprietary, exclusively-listed products are often collectively excluded from certain programs, including the Access Credit, because the Exchange has expended considerable resources developing and maintaining those products and therefore desires not to give a credit related to those products in order to recoup those expenditures. Similar to the products currently excluded from the Access Credit, RUT is no longer listed on any other exchange (other than C2). As such, the Exchange proposes to exclude Market-Maker Trading Permits used for RUT appointments from the Access Credit.

The Exchange also proposes to incorporate the description of the Access Credit within a single Affiliate Volume Plan table, as both the Access Credit and discount on Market-Maker fees under AVP are based upon a Market-Maker Affiliate reaching certain tiers within VIP. The Exchange believes the proposed table alleviates potential confusion and makes the Fees Schedule easier to read.

#### Floor Broker Trading Permit Rebates

Footnote 25, which governs rebates on Floor Broker Trading Permits, currently provides that any Floor Broker that executes a certain average of customer open-outcry contracts per day over the course of a calendar month in all underlying symbols excluding Underlying Symbol List A (except RUT), DJX, XSP, XSPAM, mini-options and subcabinet trades, will receive a rebate on that Floor Broker's Trading Permit Holder's Floor Broker Trading Permit Fees. The Exchange notes that although RUT had previously been added to "Underlying Symbol List A", it had continued to include RUT in the calculation of the qualifying volume for the rebate of Floor Broker Trading Permit fees. The Exchange now seeks to exclude RUT volume from the calculation, similar to the exclusion of all other products in Underlying Symbol List A. As discussed above, the Exchange's proprietary, exclusively-listed products are often collectively excluded from certain programs because the Exchange has expended considerable resources developing and maintaining these products. Similar to the products currently excluded from the calculation of qualifying volume for the Floor Broker Trading Permit rebates, RUT is no longer listed on any other exchange (other than C2) and the Exchange therefore proposes to exclude it from the qualifying calculation.

#### NDX and MNX Fees

The Exchange next proposes to increase the Nasdaq-100 Index ("NDX") and mini-NDX Index ("MNX") Index License Surcharge. Currently, the Exchange assesses an Index License Surcharge for NDX and MNX of \$0.15 per contract for all non-customer orders. The Exchange now proposes to increase the NDX and MNX Surcharge from \$0.15 to 0.25 per contract in order to recoup the increased costs associated with the NDX and MNX license. The Exchange will still be subsidizing the costs of the NDX and

MNX license. Additionally, like other proprietary index products, the Exchange proposes to except NDX and MNX from VIP and from the Marketing Fee.

#### VIX License Index Surcharge

The Exchange proposes to waive through March 2016 the VIX Index License Surcharge of \$0.10 per contract for Clearing Trading Permit Holder Proprietary (“Firm”) (origin codes “F” or “L”) VIX orders that have a premium of \$0.10 or lower and have series with an expiration of less than seven (7) calendar days. Particularly, the Exchange is attempting to reduce transaction costs on expiring, low-priced VIX options in order to encourage Firms to seek to close and/or roll over such positions close to expiration at low premium levels, including facilitating customers to do so, in order to free up capital and encourage additional trading. Currently, Firms are less likely to engage in such activity because the transaction fees are often equivalent or even exceed the premium level, making such transactions economically unattractive. The Exchange believes that the lowering costs for VIX options trading with a premium of \$0.00-\$0.10 and for series with an expiration of less than 7 days will encourage the closing, rolling and trading of such options and new series, as well. The Exchange proposes to waive the surcharge through March 2016, at which time the Exchange will evaluate whether the waiver has in fact prompted Firms to close and roll over positions close to expiration at low premium levels.

#### VIX Customer Transaction Fees

The Exchange proposes to reduce the amount of VIX customer (origin code “C”) transactions fees orders with a premium of \$0.11 to \$0.99 from \$0.27 per contract to \$0.25 per contract and orders with a premium of above \$1.00 from \$0.48 per contract to



\$0.45 per contract. The Exchange believes that the lowered costs for VIX options will encourage the trading of such options.

#### Hybrid 3.0 Surcharge

The Exchange assesses a Hybrid 3.0 Execution Fee of \$0.20 per contract for all electronic executions in Hybrid 3.0 classes (with some exceptions).<sup>4</sup> The Exchange proposes to increase this fee to \$0.21 per contract. The Exchange notes that it continually invests in the Hybrid 3.0 system and the proposed increase will help the Exchange recoup such expenditures.

#### RUI, RLV and RLG Fees

On October 20, 2015, the Exchange began trading options on three FTSE Russell Indexes (i.e., Russell 1000 Index (“RUI”), Russell 1000 Value Index (“RLV”) and Russell 1000 Growth Index (“RLG”)). In order to promote and encourage trading of RUI, RLV and RLG, the Exchange had waived all transaction fees (including the Floor Brokerage Fee, Index License Surcharge and CFLEX Surcharge Fee) for RUI, RLV and RLG transactions through December 31, 2015. In order to continue to promote trading of these new options classes, the Exchange proposes to extend the fee waiver of RUI, RLV and RLG through March 31, 2016.

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<sup>4</sup> See CBOE Fees Schedule. Particularly, all electronic executions in Hybrid 3.0 classes shall be assessed the Hybrid 3.0 Execution Surcharge, except to: (i) orders in SPX options in the SPX electronic book for those SPX options that are executed during opening rotation on the final settlement date of VIX options and futures which have the expiration that contribute to the VIX settlement calculation, (ii) executions by market-makers against orders in the complex order auction (COA) and Simple Auction Liaison (SAL) systems in their appointed classes, (iii) executions by market-makers against orders in the electronic book, Hybrid Agency Liaison (HAL) and the complex order book in their appointed classes, and (iv) orders executed by a floor broker using a PAR terminal.

### Large Customer Trade Discount

The Customer Large Trade Discount program (the “Discount”) provides a discount in the form of a cap on the quantity of customer (“C” origin code”) contracts that are assessed transactions fees in certain options classes. The Discount table in the Fees Schedule sets forth the quantity of contracts necessary for a large customer trade to qualify for the Discount, which varies by product. Currently, under the “Products” section in the Discount table, the following S&P products for which the Discount is in effect are listed: “SPX, SPXw, SPXpm, SRO.” Customer transaction fees for each of these products are currently only charged up to the first 15,000 contracts. The Exchange proposes to raise the quantity of SPX, SPXw, SPXpm, and SRO contracts necessary for a large customer trade to qualify for the Discount from 15,000 contracts per order to 20,000 contracts per order. The purpose of the proposed rule change is to moderate the discount level for customer (C) orders in the SPX product group in view of its mature and established position in the industry. The Exchange additionally proposes to raise the quantity of VIX contracts necessary for a large customer trade to qualify for the Discount. Specially, the Exchange proposes to raise the threshold from 10,000 contracts per order to 15,000 contracts per order. The purpose of the proposed change is to moderate the discount level for customer (C) orders in VIX in light of the increased sizes of qualifying Discount VIX orders.

### RUT Tier Appointment Surcharge

CBOE Rule 8.3(e) provides that the Exchange may establish one or more types of tier appointments. In accordance with CBOE Rule 8.3(e), a tier appointment is an appointment to trade one or more options classes that must be held by a Market-Maker to

be eligible to act as a Market-Maker in the options class or options classes subject to that appointment. CBOE currently maintains a tier appointment for Market-Maker Trading Permit Holders trading in RUT, as it does for SPX and VIX. Currently, the Exchange has a Tier Appointment Surcharge for SPX and VIX, but not RUT. The Exchange notes that it has expended considerable resources developing and maintaining its proprietary, exclusively-listed products. To help recoup costs of the license and for further development and maintenance of RUT options, the Exchange is now proposing to also establish a RUT Tier Appointment fee. Specifically, the Exchange proposes to adopt a RUT Tier Appointment fee of \$1,000 per month, which will be assessed to any Market-Maker Trading Permit Holder that either (a) has a RUT Tier Appointment at any time during a calendar month and trades 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. The Exchange notes that the proposed criteria is the same as it is for the VIX Tier Appointment fee. Additionally, similar to what's provided in the Fees Schedule for the SPX and VIX Tier Appointment fees, the Exchange proposes to state, consistent with Rule 8.3(e), that each RUT Tier Appointment may only be used with one designated Market-Maker Trading Permit. Additionally, the Exchange proposes to state that in order for a Market-Maker Trading Permit to be used to act as an electronic Market-Maker in RUT, the Trading Permit Holder must obtain a RUT Tier Appointment for that Market-Maker Trading Permit.

#### Extended Trading Hour Fees

In order to promote and encourage trading during the Extended Trading Hours ("ETH") session, the Exchange currently waives ETH Trading Permit and Bandwidth

Packet fees for one (1) of each initial Trading Permits and one (1) of each initial Bandwidth Packet, per affiliated TPH. The Exchange notes that waiver is set to expire December 31, 2015. The Exchange also waives fees through December 31, 2015 for a CMI and FIX login ID if the CMI and/or FIX login ID is related to a waived ETH Trading Permit and/or waived Bandwidth packet. In order to continue to promote trading during ETH, the Exchange wishes to extend these waivers through July 2016.

#### Floor Broker Workstation

The Exchange proposes raising the Floor Broker Workstation (“FBW”) and FBW 2 fee from \$400 per month (per login ID) to \$450 per month (per login ID). The total amount charged by the Exchange’s vendor that provides the FBW (and FBW2) is more than \$450 per month (per login ID) for FBW and FBW2 and the Exchange has been subsidizing those costs for FBW and FBW2 users. As such, the Exchange proposes increasing the FBW fee to \$450 per month (per login ID), which still includes a subsidy for FBW users (though smaller).

Additionally, the Exchange notes that for every FBW login a TPH has, the FBW2 monthly fee is currently waived through December 2015 on a one-to-one basis. The Exchange waived the FBW2 fee on a one-to-one basis because it had anticipated new features being launched on FBW2 by the end of the year and the Exchange wanted to encourage FBW users to begin (or continue) transitioning to FBW2 logins while waiting for the new features. Additionally, the Exchange wanted to provide additional time to become acclimated to FBW2 while at the same time being able to use FBW login IDs. The Exchange notes that certain new features on FBW2 have still not launched. As such, the Exchange wishes to extend the FBW2 monthly fee waiver on a one-to-one basis

through March 31, 2016. The Exchange therefore proposes to delete now outdated language in the Fees Schedule and provide that for every FBW login a TPH has, the FBW2 fee will be waived for the months of January 2016 through March 2016 on a one-to-one basis.

#### QCC Cleanup

The Exchange proposes to correct an inadvertent omission to the Fees Schedule with respect to a recent change to Qualified Contingent Cross (“QCC”)<sup>5</sup> order fees. On November 16, 2015, the Exchange proposed to increase the transaction fee for all non-customer QCC orders from \$0.15 per contract to \$0.17 per contract.<sup>6</sup> The Exchange notes that the QCC transaction fee rate is located in two tables in the Fees Schedule (i.e., the QCC Rate Table and the Clearing Trading Permit Holder Fee Cap Table (“Fee Cap Table”). While the Exhibit 5 to SR-CBOE-2015-105 reflected the QCC fee increase in the QCC Rate Table, the Exchange inadvertently omitted to make the corresponding increase to the rate listed in the Fee Cap table. Accordingly, the Exchange proposes to update the rate listed for QCC orders from \$0.15 per contract to \$0.17 per contract in the Fee Cap Table to avoid potential confusion and maintain a clear and consistent Fees Schedule.

#### (b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to

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<sup>5</sup> A QCC order is comprised of an order to buy or sell at least 1,000 contracts (or 10,000 mini-option contracts) that is identified as being part of a qualified contingent trade, coupled with a contra-side order or orders totaling an equal number of contracts.

<sup>6</sup> See Securities Exchange Act Release No. 76498 (November 20, 2015), 80 FR 228 (November 27, 2015) (SR-CBOE-2015-105).

the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>7</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>8</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitation transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>9</sup> which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

The Exchange believes that adopting the Affiliate Volume Plan is reasonable because it will allow qualifying Market-Makers to receive a credit on their Market-Maker Sliding Scale transaction fees. The Exchange believes that this proposed change is equitable and not unfairly discriminatory because Market-Makers are valuable market participants that provide liquidity in the marketplace and incur costs that other market participants do not incur. For example, Market-Makers have a number of obligations, including quoting obligations that other market participants do not have. Additionally, the Exchange notes that incentivizing a Market-Maker Affiliate to achieve higher tiers on the VIP, can result in greater customer liquidity, and the resulting increased volume

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<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78f(b)(4).

benefits all market participants (including Market-Makers or their affiliates who do not achieve the higher tiers on the VIP; indeed, this increased volume may allow them to reach these tiers). Further, other options exchanges also provide credits to Market-Makers if a Market-Maker's affiliate adds a certain amount of customer liquidity to that exchange.<sup>10</sup> The Exchange also notes that the credits under AVP are available to all Market-Makers who qualify.

The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to exclude Market-Maker Trading Permits used for appointments in RUT from the Access Credit because the Exchange has expended considerable resources maintaining RUT as a proprietary and exclusively-listed product and therefore desires not to give a credit related in order to recoup those expenditures. Additionally, the Exchange notes that Trading Permits used for appointments in other proprietary and exclusively listed products are excluded from receiving credits under the Access Credit program as well. Similarly, the Exchange believes it's reasonable to exclude RUT from the qualifying calculation for the Floor Broker Trading Permit rebates because other Underlying Symbol List A products are also excepted from counting towards the qualifying threshold volumes.

The Exchange believes clarifying in Footnote 24 that only a Market-Maker Affiliate (as opposed to the Market-Maker itself) can receive an Access Credit alleviates potential confusion. The Exchange also believes incorporating into a single table both

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<sup>10</sup> See e.g., NYSE Arca, Inc. ("Arca") Options Fees and Charges, specifically the table describing the Market Maker Monthly Posting Credit Super Tier, under which transaction volume from a Market Maker's affiliates count towards the Market Maker's ability to qualify for higher credit tiers.

details of the Access Credit and credits available to Market-Makers under AVP alleviates potential confusion and maintains clarity in the Fees Schedule. The alleviation of potential confusion serves to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Exchange believes increasing the NDX and MNX Index License Surcharge Fee from \$0.15 to \$0.25 per contract is reasonable because the Exchange still pays more for the NDX and MNX license than the amount of the proposed NDX Index License Surcharge Fee (meaning that the Exchange will be subsidizing the costs of the NDX and MNX license). Additionally, the Exchange notes that another Exchange also assesses \$0.25 per contract for NDX and MNX transactions.<sup>11</sup> This increase is equitable and not unfairly discriminatory because all non-Customer market participants will be assessed the same increased NDX and MNX Index License Surcharge. Not applying the NDX and MNX Index License Surcharge Fee to customer orders is equitable and not unfairly discriminatory because this is designed to attract customer NDX and MNX orders, which increases liquidity and provides greater trading opportunities to all market participants.

The Exchange believes that excluding NDX and MNX from VIP is reasonable because the VIP is a credit program, and excluding MNX and NDX from the VIP does not impose any extra fee for NDX and MNX trades, it just prevents them from incurring a credit (or counting towards incurring credits). As such, qualifying market participants trading NDX and MNX will merely be required to pay regular transaction fees. The

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<sup>11</sup> See NASDAQ OMX PHLX LLC (“PHLX”) Pricing Schedule, Section II, Multiply Listed Options Fees, Options Surcharge in MNX and NDX.



Exchange believes excepting NDX and MNX from VIP is equitable and not unfairly reasonable because other proprietary index products are also excepted from VIP. Similarly, the Exchange believes it's reasonable to except NDX and MNX the Marketing Fee because other proprietary index products are excepted from those same items. This is equitable and not unfairly discriminatory for the same reason; it seems equitable to except NDX and MNX from items on the Fees Schedule from which other proprietary products are also excepted.

The Exchange believes it's reasonable to waive the VIX Index License Surcharge for Clearing Trading Permit Holder Proprietary VIX orders that have a premium of \$0.10 or lower and have series with an expiration of less than 7 calendar days because the Exchange wants to encourage Firms to roll and close over positions close to expiration at low premium levels. The Exchange notes that without the waiver, firms are less likely to engage in these transactions, as opposed to other VIX transactions, due to the associated transaction costs. The Exchange believes it's equitable and not unfairly discriminatory to limit the waiver to Clearing Trading Permit Holder Proprietary orders because they contribute capital to facilitate the execution of VIX customer orders with a premium of \$0.10 or lower and series with an expiration of less than 7 days. Finally, the Exchange believes it's reasonable, equitable and not unfairly discriminatory to provide that the surcharge will be waived through March 2016, as it gives the Exchange time to evaluate if the waiver is in fact having the desired effect of encouraging these transactions and because it applies to all Clearing Trading Permit Holders.

The proposal to reduce VIX customer transactions is reasonable because it allows customers to pay less for these transactions than they are currently paying. The proposed

change to customer VIX options transaction fees is also equitable and not unfairly discriminatory because it applies uniformly to all customers and because this is designed to attract customer VIX orders, which increases liquidity and provides greater trading opportunities to all market participants.

The Exchange believes it's reasonable to increase the Hybrid 3.0 Surcharge because it is merely an increase of \$0.01 per contract, and the Exchange uses this fee to cover the costs of operating the Hybrid 3.0 system. The Exchange believes that this proposed increase is also reasonable, equitable and not unfairly discriminatory because it applies to all Hybrid 3.0 executions<sup>12</sup>, and because the increased fee will help cover the costs of operating the Hybrid 3.0 system.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to extend the waiver of all transaction fees for RUI, RLV and RLG transactions, including the Floor Brokerage fee, the License Index Surcharge and CFLEX Surcharge Fee, because it promotes and encourages trading of these products which are still new and applies to all TPHs.

The Exchange believes that raising the discount threshold for VIX and SPX (including SPXw), SPXPM and SROs is reasonable because customers will still be receiving a discount for large trades that they would not otherwise receive. This change is equitable and not unfairly discriminatory because all customers whose large trades qualify for the Discount will still receive it. The Exchange believes it's equitable and not unfairly discriminatory to raise the threshold higher for the SPX product group because

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<sup>12</sup> With the exception of those listed in Footnote 21 of the Fees Schedule.

the SPX product group has reached a mature and established level since its introduction while other products, such as VIX, have not.

The Exchange believes that establishing a RUT Tier Appointment fee is reasonable because the Exchange maintains a similar fee for other exclusively-listed proprietary products for which there is a tier appointment.<sup>13</sup> The Exchange notes that the proposed Tier Appointment fee is less than the Tier Appointment fees assessed for SPX and VIX.<sup>14</sup> The Exchange believes it is equitable and not unfairly discriminatory to not assess the fee unless a Market-Maker trades at least 100 RUT contracts electronically while that appointment is active because those that do not regularly trade RUT will not be assessed the fee. Specifically, the RUT Tier Appointment fee is intended to be assessed to Market-Makers who act as Market-Makers in RUT, not those who submit an occasional order electronically in RUT. More specifically, the 100-contract threshold achieves this purpose because it is a sufficiently small number of contracts and yet leaves some small room for accidental or minor RUT trades. Because Market-Maker Trading Permit Holders have an appointment to trade in open outcry in all options classes traded on the Hybrid Trading System (including RUT) pursuant to Exchange Rule 8.3(c)(ii), the Exchange believes it is also equitable and not unfairly discriminatory to not assess the Tier Appointment fee unless a Market-Maker trades at least 1,000 RUT options contracts in open outcry during a calendar month. The Exchange believes this requirement again allows for minimum open outcry activity in RUT without having to pay an additional fee. This proposed change is also equitable and not unfairly discriminatory because it will be

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<sup>13</sup> See CBOE Fees Schedule, SPX and VIX Tier Appointment Fees.

<sup>14</sup> Id.

assessed uniformly to all Market-Makers that meet either of the above criteria and because it allows the Exchange to recoup expenditures related to the maintenance of a proprietary and exclusively listed product.

The Exchange believes extending the waiver of ETH Trading Permit and Bandwidth Packet fees for one of each type of Trading Permit and Bandwidth Packet, per affiliated TPH through July 31, 2016 is reasonable, equitable and not unfairly discriminatory, because it promotes and encourages trading during the ETH session and applies to all ETH TPHs. The Exchange believes it's also reasonable, equitable and not unfairly discriminatory to waive fees for Login IDs related to waived Trading Permits and/or Bandwidth Packets in order to promote and encourage ongoing participation in ETH and also applies to all ETH TPHs.

Increasing the FBW and FBW2 fee from \$400 per month (per login ID) to \$450 per month (per login ID) is reasonable because the total amount charged by the Exchange's vendor that provides the FBW (and FBW2) is more than \$450 per month (per login ID) for FBW and FBW2 and the Exchange simply wants to reduce the extent to which the Exchange subsidizes such costs. This change is equitable and not unfairly discriminatory because all market participants who desire to use the FBW and FBW2 will be assessed the same fee.

The Exchange believes it is reasonable to extend the waiver of FBW2 fees for each FBW login a TPH has through March 2016 because it encourages users to use and become familiar with the updated FBW2 login IDs while waiting for certain features to be implemented on FBW2. The Exchange believes the proposed changes are equitable and not unfairly discriminatory because it applies to all users of FBW2.

The Exchange believes that correcting an inadvertent failure to update the QCC rate change in the Fee Cap table (in addition to the QCC Rate Table, where it is currently provided for) will alleviate potential confusion and maintain clarity in the Fees Schedule, which serves to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition that are not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, while different fees and rebates are assessed to different market participants in some circumstances, these different market participants have different obligations and different circumstances (as described in the "Statutory Basis" section above). For example, Clearing TPHs have clearing obligations that other market participants do not have. Market-Makers have quoting obligations that other market participants do not have. There is a history in the options markets of providing preferential treatment to customers, as they often do not have as sophisticated trading operations and systems as other market participants, which often makes other market participants prefer to trade with customers. Further, the Exchange fees and rebates, both current and those proposed to be changed, are intended to encourage market participants to bring increased volume to the Exchange (which benefits all market

participants), while still covering Exchange costs (including those associated with the upgrading and maintenance of Exchange systems).

The Exchange does not believe that the proposed rule changes will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes are intended to promote competition and better improve the Exchange's competitive position and make CBOE a more attractive marketplace in order to encourage market participants to bring increased volume to the Exchange (while still covering costs as necessary). Further, the proposed changes only affect trading on CBOE. To the extent that the proposed changes make CBOE a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become CBOE market participants.

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

The Exchange neither solicited nor received comments on 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) or Section 19(b)(7)(D)**

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act<sup>15</sup> and Rule 19b-4(f)(2)<sup>16</sup> thereunder.

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

<sup>16</sup> 17 CFR 240.19b-4(f)(2).

(b) The Exchange designates that the proposed rule change establishes or changes a due, fee, or other charge imposed by the Exchange, which renders the proposed rule change effective upon filing with the Securities and Exchange Commission (the “Commission”). At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend 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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

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

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

**Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

**Item 11. Exhibits**

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

Exhibit 5. Proposed rule text if not included under Item 1(a).

EXHIBIT 1

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2016-002]

[Insert date]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fees Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on [insert date], Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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**

The Exchange proposes to amend its Fees Schedule. The text of the proposed rule change is available on the Exchange’s website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

**II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received

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

<sup>2</sup> 17 CFR 240.19b-4.



on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange 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, the Proposed Rule Change

1. Purpose

The Exchange proposes to make a number of changes to its Fees Schedule, effective January 4, 2016.

Market-Maker Affiliate Volume Plan

The Exchange proposes to adopt the Market-Maker Affiliate Volume Plan ("AVP"). Specifically, under AVP, if a Trading Permit Holder ("TPH") Affiliate<sup>3</sup> of a Market-Maker (including a Designated Primary Market-Maker ("DPM") or Lead Market-Maker ("LMM")) qualifies under the Volume Incentive Program ("VIP"), that Market-Maker will also qualify for a discount on that Market-Maker's Liquidity Provider Sliding Scale ("Sliding Scale") transaction fees. By way background, under VIP, the Exchange credits each Trading Permit Holder the per contract amount set forth in the VIP table resulting from each public customer ("C" origin code) order transmitted by that TPH (with certain exceptions) which is executed electronically on the Exchange in all underlying symbols excluding Underlying Symbol List A, DJX, XSP, XSPAM, credit default options, credit default basket options and mini-options, provided the TPH meets certain volume thresholds in a month.<sup>4</sup> Currently, VIP consists of four (4) tiers with the

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<sup>3</sup> "Affiliate" is defined as having at least 75% common ownership between the two entities as reflected on each entity's Form BD, Schedule A.

<sup>4</sup> Currently, excluded from the VIP credit are options in Underlying Symbol List A, DJX, XSP, XSPAM, credit default options, credit default basket options, mini-options, QCC trades, public customer to public customer electronic complex order executions,

following thresholds; 0%-0.75%, above 0.75%-1.50%, above 1.50%-3.00% and above 3%. The Exchange proposes to provide that if a Market-Maker's Affiliate reaches Tier 2, Tier 3 or Tier 4 of VIP, that Market-Maker will receive a discount on their Sliding Scale Market-Maker transaction fees of 10%, 15% or 20%, respectively.<sup>5</sup> Below is a table demonstrating the proposed program.

<b>Tier</b>	<b>VIP Thresholds</b>	<b>AVP Transaction Fee Discount</b>
<b>1</b>	0.00% - 0.75%	0%
<b>2</b>	Above 0.75% - 1.50%	10%
<b>3</b>	Above 1.50% - 3.00%	15%
<b>4</b>	Above 3.00%	20%

The Exchange believes AVP will incentivize the routing of orders to CBOE by TPHs that have both Market-Maker and agency operations, as well as incent Market-Makers to tighten market widths due to the reduced costs the incentives will provide. The Exchange notes that in the options industry, many options orders are routed by consolidators, which are firms that have both order router and Market-Maker operations. The Exchange is aware not only of the importance of providing credits on the order routing side in order to encourage the submission of orders, but also of the operations costs on the Market-Maker side. The Exchange believes AVP allows the Exchange to provide further relief to the Market-Maker side via the discount. Additionally, the Exchange believes AVP will attract more volume and liquidity to the Exchange, which

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and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in Rule 6.80 (see CBOE Fees Schedule, Volume Incentive Program).

<sup>5</sup> The discount will be on transaction fees only (i.e., the rates charged pursuant to the Liquidity Provider Sliding Scale). Other fees, such as the Index License Surcharge, will not be discounted.

will benefit all Exchange participants through increased opportunities to trade as well as enhancing price discovery.

#### Market-Maker Trading Permit Credits

Currently, Footnote 24 provides that if a Market-Maker or its affiliate receive a credit under VIP, that Market-Maker will receive a credit on its Market-Maker Trading Permit fees corresponding to the VIP tier reached (10% Market-Maker Trading Permit fee credit for reaching Tier 2 of the VIP, 20% Market-Maker Trading Permit fee credit for reaching Tier 3 of the VIP, and 30% Market-Maker Trading Permit fee credit for reaching Tier 4 of the VIP) (“Access Credit”). This credit does not apply to Market-Maker Trading Permits used for appointments in SPX, SPXpm, VIX, OEX and XEO. The Exchange proposes to make certain amendments to Footnote 24.

First, the Exchange proposes to clarify that a Market-Maker will receive an Access Credit if its Affiliate, not the Market-Maker itself, reaches certain VIP tiers (i.e., eliminate “or its” from “If a Market-Maker or its Affiliate...” As noted above, VIP credits are limited to TPHs executing customer orders. As such, Market-Maker orders would not be eligible to count towards the qualifying tiers or receive VIP credits. The Exchange believes the proposed change clarifies this point and alleviates potential confusion. The Exchange notes no substantive changes are being made by this clarification.

Next, the Exchange proposes to exclude from the Access Credit, Market-Maker Trading Permits used for appointments in the Russell 2000 Index (“RUT”). The Exchange notes that the proposed exclusion is similar to the exclusion of other proprietary and exclusive products. The Exchange notes the Exchange’s proprietary,

exclusively-listed products are often collectively excluded from certain programs, including the Access Credit, because the Exchange has expended considerable resources developing and maintaining those products and therefore desires not to give a credit related to those products in order to recoup those expenditures. Similar to the products currently excluded from the Access Credit, RUT is no longer listed on any other exchange (other than C2). As such, the Exchange proposes to exclude Market-Maker Trading Permits used for RUT appointments from the Access Credit.

The Exchange also proposes to incorporate the description of the Access Credit within a single Affiliate Volume Plan table, as both the Access Credit and discount on Market-Maker fees under AVP are based upon a Market-Maker Affiliate reaching certain tiers within VIP. The Exchange believes the proposed table alleviates potential confusion and makes the Fees Schedule easier to read.

#### Floor Broker Trading Permit Rebates

Footnote 25, which governs rebates on Floor Broker Trading Permits, currently provides that any Floor Broker that executes a certain average of customer open-outcry contracts per day over the course of a calendar month in all underlying symbols excluding Underlying Symbol List A (except RUT), DJX, XSP, XSPAM, mini-options and subcabinet trades, will receive a rebate on that Floor Broker's Trading Permit Holder's Floor Broker Trading Permit Fees. The Exchange notes that although RUT had previously been added to "Underlying Symbol List A", it had continued to include RUT in the calculation of the qualifying volume for the rebate of Floor Broker Trading Permit fees. The Exchange now seeks to exclude RUT volume from the calculation, similar to the exclusion of all other products in Underlying Symbol List A. As discussed above, the

Exchange's proprietary, exclusively-listed products are often collectively excluded from certain programs because the Exchange has expended considerable resources developing and maintaining these products. Similar to the products currently excluded from the calculation of qualifying volume for the Floor Broker Trading Permit rebates, RUT is no longer listed on any other exchange (other than C2) and the Exchange therefore proposes to exclude it from the qualifying calculation.

#### NDX and MNX Fees

The Exchange next proposes to increase the Nasdaq-100 Index ("NDX") and mini-NDX Index ("MNX") Index License Surcharge. Currently, the Exchange assesses an Index License Surcharge for NDX and MNX of \$0.15 per contract for all non-customer orders. The Exchange now proposes to increase the NDX and MNX Surcharge from \$0.15 to 0.25 per contract in order to recoup the increased costs associated with the NDX and MNX license. The Exchange will still be subsidizing the costs of the NDX and MNX license. Additionally, like other proprietary index products, the Exchange proposes to except NDX and MNX from VIP and from the Marketing Fee.

#### VIX License Index Surcharge

The Exchange proposes to waive through March 2016 the VIX Index License Surcharge of \$0.10 per contract for Clearing Trading Permit Holder Proprietary ("Firm") (origin codes "F" or "L") VIX orders that have a premium of \$0.10 or lower and have series with an expiration of less than seven (7) calendar days. Particularly, the Exchange is attempting to reduce transaction costs on expiring, low-priced VIX options in order to encourage Firms to seek to close and/or roll over such positions close to expiration at low premium levels, including facilitating customers to do so, in order to free up capital and

encourage additional trading. Currently, Firms are less likely to engage in such activity because the transaction fees are often equivalent or even exceed the premium level, making such transactions economically unattractive. The Exchange believes that the lowering costs for VIX options trading with a premium of \$0.00-\$0.10 and for series with an expiration of less than 7 days will encourage the closing, rolling and trading of such options and new series, as well. The Exchange proposes to waive the surcharge through March 2016, at which time the Exchange will evaluate whether the waiver has in fact prompted Firms to close and roll over positions close to expiration at low premium levels.

#### VIX Customer Transaction Fees

The Exchange proposes to reduce the amount of VIX customer (origin code “C”) transactions fees orders with a premium of \$0.11 to \$0.99 from \$0.27 per contract to \$0.25 per contract and orders with a premium of above \$1.00 from \$0.48 per contract to \$0.45 per contract. The Exchange believes that the lowered costs for VIX options will encourage the trading of such options.

#### Hybrid 3.0 Surcharge

The Exchange assesses a Hybrid 3.0 Execution Fee of \$0.20 per contract for all electronic executions in Hybrid 3.0 classes (with some exceptions).<sup>6</sup> The Exchange

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<sup>6</sup> See CBOE Fees Schedule. Particularly, all electronic executions in Hybrid 3.0 classes shall be assessed the Hybrid 3.0 Execution Surcharge, except to: (i) orders in SPX options in the SPX electronic book for those SPX options that are executed during opening rotation on the final settlement date of VIX options and futures which have the expiration that contribute to the VIX settlement calculation, (ii) executions by market-makers against orders in the complex order auction (COA) and Simple Auction Liaison (SAL) systems in their appointed classes, (iii) executions by market-makers against orders in the electronic book, Hybrid Agency Liaison (HAL) and the complex order book in their appointed classes, and (iv) orders executed by a floor broker using a PAR

proposes to increase this fee to \$0.21 per contract. The Exchange notes that it continually invests in the Hybrid 3.0 system and the proposed increase will help the Exchange recoup such expenditures.

#### RUI, RLV and RLG Fees

On October 20, 2015, the Exchange began trading options on three FTSE Russell Indexes (i.e., Russell 1000 Index (“RUI”), Russell 1000 Value Index (“RLV”) and Russell 1000 Growth Index (“RLG”)). In order to promote and encourage trading of RUI, RLV and RLG, the Exchange had waived all transaction fees (including the Floor Brokerage Fee, Index License Surcharge and CFLEX Surcharge Fee) for RUI, RLV and RLG transactions through December 31, 2015. In order to continue to promote trading of these new options classes, the Exchange proposes to extend the fee waiver of RUI, RLV and RLG through March 31, 2016.

#### Large Customer Trade Discount

The Customer Large Trade Discount program (the “Discount”) provides a discount in the form of a cap on the quantity of customer (“C” origin code”) contracts that are assessed transactions fees in certain options classes. The Discount table in the Fees Schedule sets forth the quantity of contracts necessary for a large customer trade to qualify for the Discount, which varies by product. Currently, under the “Products” section in the Discount table, the following S&P products for which the Discount is in effect are listed: “SPX, SPXw, SPXpm, SRO.” Customer transaction fees for each of these products are currently only charged up to the first 15,000 contracts. The Exchange proposes to raise the quantity of SPX, SPXw, SPXpm, and SRO contracts necessary for a

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large customer trade to qualify for the Discount from 15,000 contracts per order to 20,000 contracts per order. The purpose of the proposed rule change is to moderate the discount level for customer (C) orders in the SPX product group in view of its mature and established position in the industry. The Exchange additionally proposes to raise the quantity of VIX contracts necessary for a large customer trade to qualify for the Discount. Specially, the Exchange proposes to raise the threshold from 10,000 contracts per order to 15,000 contracts per order. The purpose of the proposed change is to moderate the discount level for customer (C) orders in VIX in light of the increased sizes of qualifying Discount VIX orders.

#### RUT Tier Appointment Surcharge

CBOE Rule 8.3(e) provides that the Exchange may establish one or more types of tier appointments. In accordance with CBOE Rule 8.3(e), a tier appointment is an appointment to trade one or more options classes that must be held by a Market-Maker to be eligible to act as a Market-Maker in the options class or options classes subject to that appointment. CBOE currently maintains a tier appointment for Market-Maker Trading Permit Holders trading in RUT, as it does for SPX and VIX. Currently, the Exchange has a Tier Appointment Surcharge for SPX and VIX, but not RUT. The Exchange notes that it has expended considerable resources developing and maintaining its proprietary, exclusively-listed products. To help recoup costs of the license and for further development and maintenance of RUT options, the Exchange is now proposing to also establish a RUT Tier Appointment fee. Specifically, the Exchange proposes to adopt a RUT Tier Appointment fee of \$1,000 per month, which will be assessed to any Market-Maker Trading Permit Holder that either (a) has a RUT Tier Appointment at any time



during a calendar month and trades 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. The Exchange notes that the proposed criteria is the same as it is for the VIX Tier Appointment fee. Additionally, similar to what's provided in the Fees Schedule for the SPX and VIX Tier Appointment fees, the Exchange proposes to state, consistent with Rule 8.3(e), that each RUT Tier Appointment may only be used with one designated Market-Maker Trading Permit. Additionally, the Exchange proposes to state that in order for a Market-Maker Trading Permit to be used to act as an electronic Market-Maker in RUT, the Trading Permit Holder must obtain a RUT Tier Appointment for that Market-Maker Trading Permit.

#### Extended Trading Hour Fees

In order to promote and encourage trading during the Extended Trading Hours ("ETH") session, the Exchange currently waives ETH Trading Permit and Bandwidth Packet fees for one (1) of each initial Trading Permits and one (1) of each initial Bandwidth Packet, per affiliated TPH. The Exchange notes that waiver is set to expire December 31, 2015. The Exchange also waives fees through December 31, 2015 for a CMI and FIX login ID if the CMI and/or FIX login ID is related to a waived ETH Trading Permit and/or waived Bandwidth packet. In order to continue to promote trading during ETH, the Exchange wishes to extend these waivers through July 2016.

#### Floor Broker Workstation

The Exchange proposes raising the Floor Broker Workstation ("FBW") and FBW2 fee from \$400 per month (per login ID) to \$450 per month (per login ID). The total amount charged by the Exchange's vendor that provides the FBW (and FBW2) is more

than \$450 per month (per login ID) for FBW and FBW2 and the Exchange has been subsidizing those costs for FBW and FBW2 users. As such, the Exchange proposes increasing the FBW fee to \$450 per month (per login ID), which still includes a subsidy for FBW users (though smaller).

Additionally, the Exchange notes that for every FBW login a TPH has, the FBW2 monthly fee is currently waived through December 2015 on a one-to-one basis. The Exchange waived the FBW2 fee on a one-to-one basis because it had anticipated new features being launched on FBW2 by the end of the year and the Exchange wanted to encourage FBW users to begin (or continue) transitioning to FBW2 logins while waiting for the new features. Additionally, the Exchange wanted to provide additional time to become acclimated to FBW2 while at the same time being able to use FBW login IDs. The Exchange notes that certain new features on FBW2 have still not launched. As such, the Exchange wishes to extend the FBW2 monthly fee waiver on a one-to-one basis through March 31, 2016. The Exchange therefore proposes to delete now outdated language in the Fees Schedule and provide that for every FBW login a TPH has, the FBW2 fee will be waived for the months of January 2016 through March 2016 on a one-to-one basis.

#### QCC Cleanup

The Exchange proposes to correct an inadvertent omission to the Fees Schedule with respect to a recent change to Qualified Contingent Cross (“QCC”)<sup>7</sup> order fees. On November 16, 2015, the Exchange proposed to increase the transaction fee for all non-

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<sup>7</sup> A QCC order is comprised of an order to buy or sell at least 1,000 contracts (or 10,000 mini-option contracts) that is identified as being part of a qualified contingent trade, coupled with a contra-side order or orders totaling an equal number of contracts.

customer QCC orders from \$0.15 per contract to \$0.17 per contract.<sup>8</sup> The Exchange notes that the QCC transaction fee rate is located in two tables in the Fees Schedule (i.e., the QCC Rate Table and the Clearing Trading Permit Holder Fee Cap Table (“Fee Cap Table”). While the Exhibit 5 to SR-CBOE-2015-105 reflected the QCC fee increase in the QCC Rate Table, the Exchange inadvertently omitted to make the corresponding increase to the rate listed in the Fee Cap table. Accordingly, the Exchange proposes to update the rate listed for QCC orders from \$0.15 per contract to \$0.17 per contract in the Fee Cap Table to avoid potential confusion and maintain a clear and consistent Fees Schedule.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>9</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>10</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitation transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with

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<sup>8</sup> See Securities Exchange Act Release No. 76498 (November 20, 2015), 80 FR 228 (November 27, 2015) (SR-CBOE-2015-105).

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

Section 6(b)(4) of the Act,<sup>11</sup> which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

The Exchange believes that adopting the Affiliate Volume Plan is reasonable because it will allow qualifying Market-Makers to receive a credit on their Market-Maker Sliding Scale transaction fees. The Exchange believes that this proposed change is equitable and not unfairly discriminatory because Market-Makers are valuable market participants that provide liquidity in the marketplace and incur costs that other market participants do not incur. For example, Market-Makers have a number of obligations, including quoting obligations that other market participants do not have. Additionally, the Exchange notes that incentivizing a Market-Maker Affiliate to achieve higher tiers on the VIP, can result in greater customer liquidity, and the resulting increased volume benefits all market participants (including Market-Makers or their affiliates who do not achieve the higher tiers on the VIP; indeed, this increased volume may allow them to reach these tiers). Further, other options exchanges also provide credits to Market-Makers if a Market-Maker's affiliate adds a certain amount of customer liquidity to that exchange.<sup>12</sup> The Exchange also notes that the credits under AVP are available to all Market-Makers who qualify.

The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to exclude Market-Maker Trading Permits used for appointments in RUT

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<sup>11</sup> 15 U.S.C. 78f(b)(4).

<sup>12</sup> See e.g., NYSE Arca, Inc. ("Arca") Options Fees and Charges, specifically the table describing the Market Maker Monthly Posting Credit Super Tier, under which transaction volume from a Market Maker's affiliates count towards the Market Maker's ability to qualify for higher credit tiers.

from the Access Credit because the Exchange has expended considerable resources maintaining RUT as a proprietary and exclusively-listed product and therefore desires not to give a credit related in order to recoup those expenditures. Additionally, the Exchange notes that Trading Permits used for appointments in other proprietary and exclusively listed products are excluded from receiving credits under the Access Credit program as well. Similarly, the Exchange believes it's reasonable to exclude RUT from the qualifying calculation for the Floor Broker Trading Permit rebates because other Underlying Symbol List A products are also excepted from counting towards the qualifying threshold volumes.

The Exchange believes clarifying in Footnote 24 that only a Market-Maker Affiliate (as opposed to the Market-Maker itself) can receive an Access Credit alleviates potential confusion. The Exchange also believes incorporating into a single table both details of the Access Credit and credits available to Market-Makers under AVP alleviates potential confusion and maintains clarity in the Fees Schedule. The alleviation of potential confusion serves to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Exchange believes increasing the NDX and MNX Index License Surcharge Fee from \$0.15 to \$0.25 per contract is reasonable because the Exchange still pays more for the NDX and MNX license than the amount of the proposed NDX Index License Surcharge Fee (meaning that the Exchange will be subsidizing the costs of the NDX and MNX license). Additionally, the Exchange notes that another Exchange also assesses

\$0.25 per contract for NDX and MNX transactions.<sup>13</sup> This increase is equitable and not unfairly discriminatory because all non-Customer market participants will be assessed the same increased NDX and MNX Index License Surcharge. Not applying the NDX and MNX Index License Surcharge Fee to customer orders is equitable and not unfairly discriminatory because this is designed to attract customer NDX and MNX orders, which increases liquidity and provides greater trading opportunities to all market participants.

The Exchange believes that excluding NDX and MNX from VIP is reasonable because the VIP is a credit program, and excluding MNX and NDX from the VIP does not impose any extra fee for NDX and MNX trades, it just prevents them from incurring a credit (or counting towards incurring credits). As such, qualifying market participants trading NDX and MNX will merely be required to pay regular transaction fees. The Exchange believes excepting NDX and MNX from VIP is equitable and not unfairly reasonable because other proprietary index products are also excepted from VIP. Similarly, the Exchange believes it's reasonable to except NDX and MNX the Marketing Fee because other proprietary index products are excepted from those same items. This is equitable and not unfairly discriminatory for the same reason; it seems equitable to except NDX and MNX from items on the Fees Schedule from which other proprietary products are also excepted.

The Exchange believes it's reasonable to waive the VIX Index License Surcharge for Clearing Trading Permit Holder Proprietary VIX orders that have a premium of \$0.10 or lower and have series with an expiration of less than 7 calendar days because the Exchange wants to encourage Firms to roll and close over positions close to expiration at

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<sup>13</sup> See NASDAQ OMX PHLX LLC ("PHLX") Pricing Schedule, Section II, Multiply Listed Options Fees, Options Surcharge in MNX and NDX.

low premium levels. The Exchange notes that without the waiver, firms are less likely to engage in these transactions, as opposed to other VIX transactions, due to the associated transaction costs. The Exchange believes it's equitable and not unfairly discriminatory to limit the waiver to Clearing Trading Permit Holder Proprietary orders because they contribute capital to facilitate the execution of VIX customer orders with a premium of \$0.10 or lower and series with an expiration of less than 7 days. Finally, the Exchange believes it's reasonable, equitable and not unfairly discriminatory to provide that the surcharge will be waived through March 2016, as it gives the Exchange time to evaluate if the waiver is in fact having the desired effect of encouraging these transactions and because it applies to all Clearing Trading Permit Holders.

The proposal to reduce VIX customer transactions is reasonable because it allows customers to pay less for these transactions than they are currently paying. The proposed change to customer VIX options transaction fees is also equitable and not unfairly discriminatory because it applies uniformly to all customers and because this is designed to attract customer VIX orders, which increases liquidity and provides greater trading opportunities to all market participants.

The Exchange believes it's reasonable to increase the Hybrid 3.0 Surcharge because it is merely an increase of \$0.01 per contract, and the Exchange uses this fee to cover the costs of operating the Hybrid 3.0 system. The Exchange believes that this proposed increase is also reasonable, equitable and not unfairly discriminatory because it applies to all Hybrid 3.0 executions<sup>14</sup>, and because the increased fee will help cover the costs of operating the Hybrid 3.0 system.

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<sup>14</sup> With the exception of those listed in Footnote 21 of the Fees Schedule.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to extend the waiver of all transaction fees for RUI, RLV and RLG transactions, including the Floor Brokerage fee, the License Index Surcharge and CFLEX Surcharge Fee, because it promotes and encourages trading of these products which are still new and applies to all TPHs.

The Exchange believes that raising the discount threshold for VIX and SPX (including SPXw), SPXPM and SROs is reasonable because customers will still be receiving a discount for large trades that they would not otherwise receive. This change is equitable and not unfairly discriminatory because all customers whose large trades qualify for the Discount will still receive it. The Exchange believes it's equitable and not unfairly discriminatory to raise the threshold higher for the SPX product group because the SPX product group has reached a mature and established level since its introduction while other products, such as VIX, have not.

The Exchange believes that establishing a RUT Tier Appointment fee is reasonable because the Exchange maintains a similar fee for other exclusively-listed proprietary products for which there is a tier appointment.<sup>15</sup> The Exchange notes that the proposed Tier Appointment fee is less than the Tier Appointment fees assessed for SPX and VIX.<sup>16</sup> The Exchange believes it is equitable and not unfairly discriminatory to not assess the fee unless a Market-Maker trades at least 100 RUT contracts electronically while that appointment is active because those that do not regularly trade RUT will not be assessed the fee. Specifically, the RUT Tier Appointment fee is intended to be assessed to Market-Makers who act as Market-Makers in RUT, not those who submit an

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<sup>15</sup> See CBOE Fees Schedule, SPX and VIX Tier Appointment Fees.

<sup>16</sup> Id.



occasional order electronically in RUT. More specifically, the 100-contract threshold achieves this purpose because it is a sufficiently small number of contracts and yet leaves some small room for accidental or minor RUT trades. Because Market-Maker Trading Permit Holders have an appointment to trade in open outcry in all options classes traded on the Hybrid Trading System (including RUT) pursuant to Exchange Rule 8.3(c)(ii), the Exchange believes it is also equitable and not unfairly discriminatory to not assess the Tier Appointment fee unless a Market-Maker trades at least 1,000 RUT options contracts in open outcry during a calendar month. The Exchange believes this requirement again allows for minimum open outcry activity in RUT without having to pay an additional fee. This proposed change is also equitable and not unfairly discriminatory because it will be assessed uniformly to all Market-Makers that meet either of the above criteria and because it allows the Exchange to recoup expenditures related to the maintenance of a proprietary and exclusively listed product.

The Exchange believes extending the waiver of ETH Trading Permit and Bandwidth Packet fees for one of each type of Trading Permit and Bandwidth Packet, per affiliated TPH through July 31, 2016 is reasonable, equitable and not unfairly discriminatory, because it promotes and encourages trading during the ETH session and applies to all ETH TPHs. The Exchange believes it's also reasonable, equitable and not unfairly discriminatory to waive fees for Login IDs related to waived Trading Permits and/or Bandwidth Packets in order to promote and encourage ongoing participation in ETH and also applies to all ETH TPHs.

Increasing the FBW and FBW2 fee from \$400 per month (per login ID) to \$450 per month (per login ID) is reasonable because the total amount charged by the

Exchange's vendor that provides the FBW (and FBW2) is more than \$450 per month (per login ID) for FBW and FBW2 and the Exchange simply wants to reduce the extent to which the Exchange subsidizes such costs. This change is equitable and not unfairly discriminatory because all market participants who desire to use the FBW and FBW2 will be assessed the same fee.

The Exchange believes it is reasonable to extend the waiver of FBW2 fees for each FBW login a TPH has through March 2016 because it encourages users to use and become familiar with the updated FBW2 login IDs while waiting for certain features to be implemented on FBW2. The Exchange believes the proposed changes are equitable and not unfairly discriminatory because it applies to all users of FBW2.

The Exchange believes that correcting an inadvertent failure to update the QCC rate change in the Fee Cap table (in addition to the QCC Rate Table, where it is currently provided for) will alleviate potential confusion and maintain clarity in the Fees Schedule, which serves to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

**B. Self-Regulatory Organization's Statement on Burden on Competition**

The Exchange does not believe that the proposed rule changes will impose any burden on competition that are not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, while different fees and rebates are assessed to different market participants in some circumstances, these different market participants have different obligations and different circumstances (as described in the

“Statutory Basis” section above). For example, Clearing TPHs have clearing obligations that other market participants do not have. Market-Makers have quoting obligations that other market participants do not have. There is a history in the options markets of providing preferential treatment to customers, as they often do not have as sophisticated trading operations and systems as other market participants, which often makes other market participants prefer to trade with customers. Further, the Exchange fees and rebates, both current and those proposed to be changed, are intended to encourage market participants to bring increased volume to the Exchange (which benefits all market participants), while still covering Exchange costs (including those associated with the upgrading and maintenance of Exchange systems).

The Exchange does not believe that the proposed rule changes will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes are intended to promote competition and better improve the Exchange’s competitive position and make CBOE a more attractive marketplace in order to encourage market participants to bring increased volume to the Exchange (while still covering costs as necessary). Further, the proposed changes only affect trading on CBOE. To the extent that the proposed changes make CBOE a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become CBOE market participants.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>17</sup> and paragraph (f) of Rule 19b-4<sup>18</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend 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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

### **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-2016-002 on the subject line.

#### **Paper comments:**

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-CBOE-2016-002. 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 website (<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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. 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-2016-002 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.<sup>19</sup>

Secretary

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<sup>19</sup> 17 CFR 200.30-3(a)(12).

Chicago Board Options Exchange, Incorporated

Fees Schedule - January 4, 2016

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Index Options Rate Table - All Index Products Excluding Underlying Symbol List A (34)			Transaction Fee Per Contract										
Origin		Origin Code	Manual		Electronic		AIM Agency/Primary (19)	AIM Contra (18)	CFLEX AIM Response (20)				
			Penny Classes	Non-Penny Classes	Penny Classes	Non-Penny Classes							
Customer (2)	XSP, MXEA and MXEF Only	C	\$0.00				\$0.05	\$0.00					
	All Index Products Excluding Underlying Symbol List A (34)		\$0.18					\$0.18					
Clearing Trading Permit Holder Proprietary (11)(12)(16)		F L	\$0.20 - See Clearing Trading Permit Holder Fee Cap		\$0.35			\$0.20 - See Clearing Trading Permit Holder Fee Cap	\$0.25				
Facilitation (11)		F L	\$0.00						\$0.00				
CBOE Market-Maker/DPM/LMM (10)		M	See Liquidity Provider Sliding Scale										
Broker-Dealer (16)		B	\$0.25	\$0.45	\$0.75	\$0.20	\$0.05	\$0.25					
Non-Trading Permit Holder Market Maker (16)		N						\$0.30					
Professional /Voluntary Professional /Joint Back-Office		W J											
Surcharge Fee (14) Index License	DJX, MXEA and MXEF	F J L M B N W	\$0.10										
	MNX and NDX		\$0.[1]25										
CFLEX Surcharge Fee (17) - DJX, MXEA, MXEF and XSP Only		C F J L M B N W	\$0.10 (capped at \$250 per trade)										
Complex Taker Fee (35)		F J L M B N W			\$0.08								

Specified Proprietary Index Options Rate Table - Underlying Symbol List A (34)(41) (Also applies to ETH)(37)			Options Transaction Fees (1)(3)(4)(7)(15)(32)				
Origin	Products	Origin Code	Transaction Fee Per Contract by Premium Price			SPXpm and VIX SPX (incl SPXw) in ETH Only	
			\$0.00 - \$0.10	\$0.11 - \$0.99	\$1.00+	AIM Agency/Primary (19)	AIM Contra (18)
Customer (2)	OEX and XEO	C	\$0.40				
	OEX Weeklys and XEO Weeklys		\$0.30				
	RUT,RLG, RLV and RUI (40)		\$0.18				
	SPX (incl SPXW)		\$0.35	\$0.44	See Rates to Left		
	SPXpm		\$0.35	\$0.44	See Rates to Left		
	VIX and VOLATILITY INDEXES		\$0.10	\$0.2[7]5	\$0.4[8]5	See Rates to Left	
Clearing Trading Permit Holder Proprietary (11)(12)(16)(40)		F L	\$0.25 - See CBOE Proprietary Products Sliding Scale				
CBOE Market-Maker/ DPM/LMM (10)(38)(39)	RUT, RLG, RLV, RUI, SPX, SPXW, SPXpm, OEX and XEO (40)	M	\$0.20				
	VIX and VOLATILITY INDEXES		\$0.05	\$0.23		See Rates to Left	
Joint Back-Office	OEX, XEO, SPX (incl SPXW), SPXpm, VIX and Volatility Indexes	B N W J	\$0.40				
Broker-Dealer (16)							
Non-Trading Permit Holder Market							
Professional/Voluntary Professional							
Broker-Dealer (16)	RUT, RLG, RLV and RUI (40)		\$0.25 Manual and AIM/ \$0.65 non-AIM Electronic				
Non-Trading Permit Holder Market Maker (16)							
Professional/Voluntary Professional/Joint Back-Office							
SPX Range Options (SRO)		Origin Code	Transaction Fee Per Contract				
Customer (2)		C	\$0.80				
Clearing Trading Permit Holder Proprietary (11)(12)(16)		F L	\$0.50				
CBOE Market-Maker/DPM/LMM (10)		M	\$0.40				
Broker-Dealer (16)		B	\$0.80				
Non-Trading Permit Holder Market Maker (16)		N					
Professional /Voluntary Professional /Joint Back-Office		W J					
Surcharge Fee (14) (Also applies to ETH)(37)	Index License (41)	RUT	\$0.45				
		SRO	\$0.26				
		SPX (incl SPXW) and SPXpm	\$0.13				
		OEX, RLG, RLV, RUI, XEO, VIX and VOLATILITY INDEXES (excluding GVZ, VXEEM, VXEWZ and OVX)(40)	\$0.10 (This surcharge is waived, through March 31, 2016, for origin codes F and L for VIX transactions where the VIX Premium is ≤ \$0.10 and the related series has an expiration of seven (7) calendar days or less.)				
	Product Research & Development - GVZ, VXEEM, VXEWZ and OVX						
CFLEX Surcharge Fee (17)(40)		C F J L M B N W	\$0.10 (capped at \$250 per trade)				
Hybrid 3.0 Execution Surcharge (SPX only) (15)(21)		C F J L B N W	\$0.2[0]1				
Customer Priority Surcharge (31) (Also applies to ETH)(37)	SPXW (electronic only)		\$0.10				
	VIX (Maker non-turner)						

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Clearing Trading Permit Holder Fee Cap (11)(22)							
Origin	Execution Type	Origin Code	(F) Fee Per Contract	Does Volume Count Toward \$75,000 Fee Cap?	Count Toward Proprietary Product Sliding Scale?	(C ) Volume of Paired Order Count for VIP?	Notes
Clearing Trading Permit Holder Proprietary	Mini-Options	F L	\$0.03	Yes	No	No	Clearing Trading Permit Holder Fee Cap Includes transaction fees assessed as part of a strategy cap (see Footnote 13). However, a Clearing Trading Permit Holder that has reached the Clearing Trading Permit Holder Fee Cap in a given month would no longer be eligible for Strategy Rebates as defined in Footnote 13.
	Electronic (non-AIM)		\$0.35	No	Yes	N/A	
	Open Outcry		\$0.20	Yes	Yes	No	
	QCC		\$0.1[5]Z	Yes	Yes	No	
	FLEX		\$0.25	Yes	Yes	Yes	
	AIM Primary Order		\$0.20	Yes	Yes	Yes	
	AIM Facilitation Contra Order		\$0.00	No	Yes	Yes	
	AIM Solicitation Contra Order		\$0.05	Yes	Yes	Yes	
	Open Outcry Facilitation		\$0.00	No	Yes	No	
Open Outcry Solicitation		\$0.20	Yes	Yes	No		

Volume Incentive Program (VIP)(36)						
Origin	Tier	Percentage Thresholds of National Customer Volume in All Underlying Symbols Excluding Underlying Symbol List A (34), DJX, MXEA, MXEF, <u>MNX, NDX, XSP, XSPAM</u> and mini-options (Monthly)	Origin Code	Per Contract Credit		Notes
				Simple	Complex	
Customer	1	0% - 0.75%	C	\$0.00	\$0.00	Credits on orders executed electronically in AIM will be capped at 1,000 contracts per order for simple executions and 1,000 contracts per leg for complex executions. Credits on orders executed electronically in HAL will be capped at 1,000 contracts per auction quantity. All contracts executed in AIM and all contracts executed in HAL will continue to be counted towards the percentage thresholds even if they exceed the 1,000 contract cap for VIP credits. Additionally, multiple simple orders from the same affiliated TPH(s) in the same series on the same side of the market that are executed in AIM or HAL within a 300 second period will be aggregated for purposes of determining the order quantity subject to the cap. For this aggregation, activity in AIM and HAL will be aggregated separately. The AIM aggregation timer will begin with an order entered into AIM and continue for 300 seconds, aggregating any other orders entered into AIM in the same series on the same side of the market by the same affiliated TPH. The HAL aggregation timer will begin at the start of a HAL auction and continue for 300 seconds, aggregating any other orders executed in HAL in the same series on the same side of the market for the same affiliated TPH. Any portion of the original order quantity that is executed outside of HAL will not be part of the aggregation or counted towards the 1,000 contract threshold.
	2	Above 0.75% - 1.50%		\$0.10	\$0.21	
	3	Above 1.50% - 3.00%		\$0.12	\$0.24	
	4	Above 3.00%		\$0.15	\$0.25	

Affiliate Volume Plan (AVP)(24)					
Origin	Origin Code	VIP Tier Reached	MM Affiliate Access Credit	Liquidity Provider Sliding Scale Credit	Notes
CBOE Market-Maker/DPM/LMM (10)	M	1			If a Market-Maker affiliate ("affiliate" defined as having at least 75% common ownership between the two entities as reflected on each entity's Form BD, Schedule A) receives a credit under the Exchange's Volume Incentive Program ("VIP"), the affiliated Market-Maker will receive an access credit on their Market-Maker trading permit fees corresponding to the VIP tier reached. This credit will not apply to Market-Maker Trading Permits used for appointments in RUT, SPX, SPXpm, VIX, OEX and XEO. The affiliated Market-Maker will also receive a transaction fee credit on their sliding scale Market-Maker transaction fees, not including any additional surcharges.
		2	10%	10%	
		3	20%	15%	
		4	30%	20%	

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Customer Large Trade Discount (27)(32)(Also applies to ETH)(37)				
Regular customer transaction fees will only be charged up to the listed quantity of contracts per order.				
Origin	Products	Origin Code	Transaction Fees	Notes
Customer	VIX	C	Charge only first 1[0]5,000	For an order to be eligible to qualify for the discount, the order in its entirety must be executed in either ETH or RTH, but not both.
	SPX (includes SPXW), SPXpm, SRO		Charge only first [15]20,000	
	Other Index Options		Charge only first 5,000	
	ETF and ETN Options		Charge only first 3,000	

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Trading Permit and Tier Appointment Fees (24)(25)(26)(37)				
Origin	Type of Trading Permit or Tier Appointment	Origin Code	Access Fee	Notes
CBOE Market-Maker/DPM/LMM/ Floor Broker	Market-Maker Trading Permit	M	\$5,500 per month	See Market-Maker Trading Permit Sliding Scale
	Market-Maker Trading Permit - ETH		\$1,000 per month	The fee is waived for the first Market-Maker Trading Permit through [December]July 31, 201[5]6.
	RUT Tier Appointment		\$1,000 per month	
	SPX Tier Appointment		\$3,000 per month	
	Floor Broker SPX Surcharge	M	\$3,000 per month	
	VIX Tier Appointment		\$2,000 per month	
	Floor Broker VIX Surcharge		\$2,000 per month	See Floor Broker Trading Permit Sliding Scale
	Floor Broker Trading Permit		\$9,000 per month	
	Electronic Access Permit		\$1,600 per month	
	Electronic Access Permit - ETH		\$500 per month	The fee is waived for the first Electronic Access Permit through [December]July 31, 201[5]6.
Trading Permit Descriptions				
Market-Maker Trading Permit	Entitles the holder to act as a Market-Maker (including a Market-Maker trading remotely), DPM, eDPM or LMM. This Permit provides an appointment credit of 1.0, a quoting and order entry bandwidth allowance, up to three logins, trading floor access and Trading Permit Holder status.			
Market-Maker Trading Permit - ETH	Entitles the holder to act as a Market-Maker in ETH. This Permit provides an appointment credit of 1.0, a quoting and order entry bandwidth allowance and up to three logins.			
Quoting Bandwidth	The allowance for a Market-Maker Trading Permit is equivalent to a maximum of 35,640,000 quotes over the course of a trading day. To the extent a Market-Maker is able to submit electronic quotes in a Hybrid 3.0 class (such as an LMM that streams quotes in the class or a Market-Maker or LMM that streams quotes in a series of a Hybrid 3.0 class that trades on the Hybrid Trading System), the Market-Maker shall receive the quoting bandwidth allowance to quote in, and only in, that class.			
SPX Tier Appointment	In order for a Market-Maker Trading Permit to be used to act as a Market-Maker in SPX, including SPX Weeklys, the Trading Permit Holder must obtain an SPX Tier Appointment for that Market-Maker Trading Permit. Each SPX Tier Appointment may only be used with one designated Market-Maker Trading Permit. The SPX Tier Appointment fee will be assessed to any Market-Maker Trading Permit Holder that either (a) has an SPX Tier Appointment at any time during a calendar month and trades at least 100 contracts while that appointment is active; or (b) conducts any open outcry transactions in SPX or SPX Weeklys at any time during a calendar month. The SPX Tier Appointment fee will not be assessed to a Trading Permit Holder Market Maker who (i) does not have an SPX Tier Appointment, (ii) only executes SPX or SPX Weeklys open outcry transactions as part of multi-class broad-based index spread transactions, and (iii) submits the SPX Tier Appointment Fee Exclusion for Multi-Class Broad-Based Index Spread Transactions Form within three business days of execution of the applicable spread transaction(s).			
Floor Broker SPX Surcharge	An additional monthly fee of \$3,000 per month will be assessed to any Floor Broker Trading Permit Holder that executes more than 20,000 SPX contracts during the month. If and to the extent that a Trading Permit Holder or TPH organization has more than one Floor Broker Trading Permit that is utilized to execute SPX options transactions, the SPX executions of that Trading Permit Holder or TPH organization shall be aggregated for purposes of determining this additional monthly fee and the Trading Permit Holder or TPH organization shall be charged a single \$3,000 fee for the combined SPX executions through those Floor Broker Trading permits if the executions exceed 20,000 contracts per month. For purposes of determining the 20,000 contracts per month threshold, SRO executions are excluded for purposes of the calculation of executed SPX contracts during the month.			
VIX Tier Appointment	In order for a Market-Maker Trading Permit to be used to act as an electronic Market-Maker in VIX, the Trading Permit Holder must obtain a VIX Tier Appointment for that Market-Maker Trading Permit. Each VIX Tier Appointment may only be used with one designated Market-Maker Trading Permit. The VIX Tier Appointment fee will be assessed to any Market-Maker Trading Permit Holder that either (a) has a VIX Tier Appointment at any time during a calendar month and trades at least 100 VIX options contracts electronically while that appointment is active; or (b) trades at least 1,000 VIX options contracts in open outcry during a calendar month.			
RUT Tier Appointment	<u>In order for a Market-Maker Trading Permit to be used to act as an electronic Market-Maker in RUT, the Trading Permit Holder must obtain a RUT Tier Appointment for that Market-Maker Trading Permit. Each RUT Tier Appointment may only be used with one designated Market-Maker Trading Permit. The RUT Tier Appointment fee will be assessed to any Market-Maker Trading Permit Holder that either (a) has a RUT Tier Appointment at any time during a calendar month and trades 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.</u>			
Floor Broker VIX Surcharge	An additional monthly fee of \$2,000 per month will be assessed to any Floor Broker Trading Permit Holder that executes more than 20,000 VIX contracts during the month. If and to the extent that a Trading Permit Holder or TPH organization has more than one Floor Broker Trading Permit that is utilized to execute VIX options transactions, the VIX executions of that Trading Permit Holder or TPH organization shall be aggregated for purposes of determining this additional monthly fee and the Trading Permit Holder or TPH organization shall be charged a single \$2,000 fee for the combined VIX executions through those Floor Broker Trading Permits if the executions exceed 20,000 contracts per month.			
Floor Broker Trading Permit	Entitles the holder to act as a Floor Broker. This Permit provides an order entry bandwidth allowance, up to three logins, trading floor access and Trading Permit Holder status.			
Electronic Access Permit	Entitles the holder to electronic access to the Exchange. Holders must be broker-dealers registered with the Exchange in one or more of the following capacities: (a) Clearing Trading Permit Holder; (b) TPH organization approved to transact business with the public; (c) Proprietary Trading Permit Holder; and (d) order service firm. This permit does not provide access to the trading floor. A Proprietary Trading Permit Holder is a Trading Permit Holder with electronic access to the Exchange to submit proprietary orders that are not Market-Maker orders (i.e., that are not M orders for the Proprietary Trading Permit Holder's own account or an affiliated Market-Maker account). The Electronic Access Permit provides an order entry bandwidth allowance, up to three logins and Trading Permit Holder status.			
Electronic Access Permit - ETH	Entitles the holder to electronic access to the Exchange during ETH. Holders must be broker-dealers registered with the Exchange in one or more of the following capacities: (a) Clearing Trading Permit Holder; (b) TPH organization approved to transact business with the public; and (c) Proprietary Trading Permit Holder. A Proprietary Trading Permit Holder is a Trading Permit Holder with electronic access to the Exchange to submit proprietary orders that are not Market-Maker orders (i.e., that are not M orders for the Proprietary Trading Permit Holder's own account or an affiliated Market-Maker account). The Electronic Access Permit provides an order entry bandwidth allowance, up to three logins.			

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Bandwidth Packet Fees		
Trading Permit Holder Bandwidth Packets		Amount Per Packet
Quoting and Order Entry Bandwidth Packet		\$2,750 per month
Quoting and Order Entry Bandwidth Packet - ETH (37)		\$500 per month
Order Entry Bandwidth Packet Fees for Trading Permit Holders	1st - 5th Packet	\$1,600 per month
	6th - 8th Packet	\$800 per month
	9th - 13th Packet	\$400 per month
	14th Packet and Each Additional Packet	\$200 per month
	Order Entry Bandwidth Packet - ETH (37)	\$250 per month
Sponsored User Order Entry Bandwidth Packets		Amount Per Packet Per Assigned Sponsored User
Fees for Order Entry Bandwidth Packet(s) Assigned to Sponsored User	1st - 6th Packet	\$1,600 per month
	7th - 9th Packet	\$800 per month
	10th - 14th Packet	\$400 per month
	15th Packet and Each Additional Packet	\$200 per month

Bandwidth packet fees are non-refundable and are assessed through the integrated billing system during the first week of the following month. If a bandwidth packet is issued during a calendar month after the first trading day of the month, the bandwidth packet fee for that calendar month is prorated based on the remaining trading days in the calendar month. Bandwidth packets will be renewed automatically for the next month unless the Trading Permit Holder submits written notification to the Registration Services Department by the last business day of the prior month to cancel the bandwidth packet effective at or prior to the end of the applicable month. [For ETH, the fee is waived for the first Quoting and Order Entry Bandwidth Packet and the first Order Entry Bandwidth Packet through \[December\]July 31, 2015\[5\]6.](#)

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Facility Fees (per month)(28) (continued)		
Trading Floor Terminal Rentals	Monthly Fee	Notes
Thomson/Other (Basic Service)	\$425	
Floor Broker Workstation (FBW)	\$4[0]50 per login ID	FBW login IDs will be renewed automatically for the next month unless the TPH submits written notification to the Market Operations Department by 3:00 p.m. on the second-to-last business day of the prior month to cancel the FBW login ID at or prior to the end of the applicable month.
Floor Broker Workstation 2 (FBW 2)	\$4[0]50 per login ID	For every FBW login a TPH has, the FBW2 fee will be waived on a one-to-one basis for the months of [October 2015]January 2016 through [December 2015]March 2016. FBW and FBW2 login IDs will be renewed automatically for the next month unless the TPH submits written notification to the Market Operations Department by 3:00 p.m. on the second-to-last business day of the prior month to cancel the FBW or FBW2 login ID at or prior to the end of the applicable month.
FBW Market Access Controls Window (optional)	\$100 per login ID	There will be a cap of \$2,000 per month for any TPH. Therefore, any TPH that requests access to the FBW Market Access Controls Window for more than 20 login IDs will not be required to pay more than \$2,000 per month.
PULSe On-Floor Workstation		See PULSe Workstation fees below.
Satellite TV	\$50	
PAR Workstation	\$125	
CBOE Trading Floor Terminal	\$250	Installation \$175, Relocation \$225, Removal \$125

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CBOE Command Connectivity Charges (28) (Also applies to ETH)(37)			Assessed to TPHs and non-TPHs
Description	Fee	Frequency	Notes
Network Access Port (1 Gbps)	\$750	Monthly	Separate Network Access Port fees are assessed for unicast (orders, quotes) and multicast (market data) connectivity (i.e., if a TPH uses the 1 Gbps Network Access Port for unicast and multicast connectivity, the TPH will be charged \$1,500 per month and if a TPH uses the 1 Gbps Disaster Recovery Network Access Port for unicast and multicast connectivity, the TPH will be charged \$500 per month.) <a href="#">If a TPH uses the same port for RTH and ETH, the TPH will not be charged twice for that port.</a>
Network Access Port (10 Gbps)	\$3,500	Monthly	
Network Access Port (Disaster Recovery)	\$250	Monthly	
CMI Login ID	\$500	Monthly	CMI and FIX Login ID fees are waived for CMI and FIX Login IDs used to access the CFLEX system. <a href="#">Fees for a CMI and FIX Login ID will be waived through [December]July 31, 2015[5]6, if the CMI and/or FIX Login ID is related to a waived ETH Trading Permit and/or waived Bandwidth Packet.</a>
FIX Login ID	\$500	Monthly	

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Footnotes (Continued):	
Footnote Number	Description
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6	<p>The marketing fee will be assessed only on transactions of Market-Makers and DPMs, resulting from (i) customer orders from payment accepting firms, or (ii) customer orders that have designated a “Preferred Market-Maker” under CBOE Rule 8.13 at the per contract rate provided above on all classes of equity options, options on ETFs, options on ETNs and index options; except that the marketing fee shall not apply to DJX, MXEA, MXEF, <u>MNX</u>, <u>NDX</u>, <u>XSP</u> or Underlying Symbol List A (34) excluding binaries options. The fee will not apply to: Market-Maker-to-Market-Maker transactions including transactions resulting from orders from non-Trading Permit Holder market-makers; transactions resulting from accommodation liquidations (cabinet trades); transactions in Flexible Exchange Options; transactions resulting from any of the strategies identified and/or defined in footnote 13 of this Fees Schedule (provided that a rebate request with supporting documentation is submitted to the Exchange within 3 business days of the transaction) ; transactions executed as a qualified contingent cross (“QCC”) under Rule 6.53(u); and transactions in the Penny Pilot classes resulting from orders executed through the Hybrid Agency Liaison under Rule 6.14. A Preferred Market-Maker will be given access to the marketing fee funds generated from a Preferred order. Rebate/Carryover Process. If less than 80% of the marketing fee funds collected in a given month is paid out by the DPM or Preferred Market-Maker in a given month, then the Exchange would refund such surplus at the end of the month on a pro rata basis based upon contributions made by the Market-Makers and DPMs in that month. However, if 80% or more of the funds collected in a given month is paid out by the DPM or Preferred Market-Maker, there will not be a rebate for that month unless the DPM or Preferred Market-Maker elects to have funds rebated. In the absence of such election, any excess funds will be included in an Excess Pool of funds to be used by the DPM or Preferred Market-Maker in subsequent months. The total balance of the Excess Pool of funds for a DPM or a Preferred Market-Maker cannot exceed \$100,000. If in any month the Excess Pool balance were to exceed \$100,000, the funds in excess of \$100,000 would be refunded on a pro rata basis based upon contributions made by the Market-Makers and DPMs in that month. In addition, in any month, a DPM or a Preferred Market-Maker can elect to have any funds in its Excess Pool refunded on a pro rata basis based upon contributions made by the Market-Makers and DPMs in that month. Each month, the Exchange assesses an administrative fee of .45% on the total amount of the funds collected each month; provided, however, that beginning on October 1, 2007, no Market-Maker or DPM would contribute more than 15% of the total amount of funds raised by the .45% administrative fee.</p>
24	<p>The sliding scale will be available for all Market-Maker Trading Permits held by affiliated Trading Permit Holders and TPH Organizations that are used for appointments in any options classes other than <u>RUT</u>, <u>SPX</u>, <u>SPXpm</u>, <u>VIX</u>, <u>OEX</u> and <u>XEO</u>. Any Market-Maker Trading Permits used for these classes, whether in whole or in part, are excluded from this sliding scale and will be priced at \$5,500/month. To qualify for the rates set forth in Tiers 1 and 2 in the sliding scale, the applicable Trading Permit Holder(s) and/or TPH organization(s) must commit in advance to a specific tier that includes a minimum number of eligible Market-Maker Trading Permits for each calendar year. To do so, a Market-Maker Trading Permit Holder must notify the Registration Services Department by December 25th (or the preceding business day if the 25th is not a business day) of the year prior to each year in which the Market Maker Trading Permit Holder would like to commit to this sliding scale of the Tier of eligible Market-Maker Trading Permits committed to by that Market-Maker Trading Permit Holder for that year. Market-Makers are not obligated to commit to either tier. However, the discounts will apply only to those that do commit to Tier 1 or Tier 2 for the calendar year. Trading Permit Holders that are not eligible for and/or do not commit to Tier 1 or Tier 2 will pay the standard rate for each Market-Maker Trading Permit, regardless of the total number of Market-Maker Trading Permits used. If a Trading Permit Holder chooses to commit to either Tier 1 or Tier 2, that Trading Permit Holder will be responsible for the minimum number of permits in the commitment tier for the remainder of the calendar year. Even if a Trading Permit Holder does not maintain the minimum level of eligible Trading Permits in the tier, that Trading Permit Holder is still responsible for the minimum payment for that commitment tier for the remainder of the calendar year. For example, a Trading Permit Holder that commits to eleven eligible permits per month will be subject to a minimum monthly access fee of \$59,000 (10 x \$5,500 plus \$4,000 = \$59,000) for that calendar year. Any additional Permits will increase the fee by the applicable amount. Trading Permit Holders will be able to commit to a higher tier of the sliding scale for the remainder of a calendar year, during a commitment year, if the Trading Permit Holder obtains enough eligible Market-Maker Trading Permits and provides written notification to the Registration Services Department by the 25th day of the month preceding the month in which the higher tier will be effective (or the preceding business day if the 25th is not a business day). For example, a Trading Permit Holder may provide written notice to commit to Tier 1 effective July 1 for the remainder of the calendar year as long as the Trading Permit Holder obtains enough eligible Trading Permits and provides written notice by June 25th that the Trading Permit Holder would like to participate in the sliding scale starting in July for the remainder of that calendar year. Even if that Trading Permit Holder subsequently falls below the minimum number of eligible Market-Maker Trading Permits (in the committed calendar year), for the committed tier, the Trading Permit Holder will remain responsible for paying for the tier minimum for the remainder of the calendar year. Trading Permit Holders will be responsible to pay for at least the minimum amount of eligible Market-Maker Trading Permits in the committed tier for the calendar year on a monthly basis unless the Trading Permit Holder entirely terminates as a Trading Permit Holder during the year. If a Trading Permit Holder combines, merges, or is acquired during the course of the calendar year, the surviving Trading Permit Holder will maintain responsibility for the committed number of eligible Market-Maker Trading Permits. If a Market-Maker [or its] affiliate (“affiliate” defined as having at least 75% common ownership between the two entities as reflected on each entity’s Form BD, Schedule A) receives a credit under the Exchange’s Volume Incentive Program (“VIP”), that Market-Maker will receive a credit on its Market-Maker Trading Permit fees corresponding to the VIP tier reached (10% Market-Maker Trading Permit fee credit for reaching Tier 2 of the VIP, 20% Market-Maker Trading Permit fee credit for reaching Tier 3 of the VIP, and 30% Market-Maker Trading Permit fee credit for reaching Tier 4 of the VIP). This credit will not apply to Market-Maker Trading Permits used for appointments in <u>RUT</u>, <u>SPX</u>, <u>SPXpm</u>, <u>VIX</u>, <u>OEX</u> and <u>XEO</u>.</p>
25	<p>The Floor Broker Trading Permit Sliding Scale will be available for all Floor Broker Trading Permits held by affiliated Trading Permit Holders and TPH organizations. To qualify for the rates set forth in Tiers 1 and 2 in the sliding scale, the applicable Trading Permit Holder(s) and/or TPH organization(s) must commit in advance to a specific tier that includes a minimum number of eligible Floor Broker Trading Permits for each calendar year. To do so, a Floor Broker Trading Permit Holder must notify the Registration Services Department by December 25th (or the preceding business day if the 25th is not a business day) of the year prior to each year in which the Floor Broker Trading Permit Holder would like to commit to this sliding scale of the Tier of eligible Floor Broker Trading Permits committed to by that Floor Broker Trading Permit Holder for that year. Floor Brokers are not obligated to commit to either tier. However, the discounts will apply only to those that do commit to Tier 1 or Tier 2 for the calendar year. Trading Permit Holders that are not eligible for and/or do not commit to Tier 1 or Tier 2 will pay the standard rate of \$9,000 for each Floor Broker Trading Permit, regardless of the total number of Floor Broker Trading Permits used. If a Trading Permit Holder chooses to commit to either Tier 1 or Tier 2, that Trading Permit Holder will be responsible for the minimum number of permits in the commitment tier for the remainder of the calendar year. Even if a Trading Permit Holder does not maintain the minimum level of eligible Trading Permits in the tier, that Trading Permit Holder is still responsible for the minimum payment for that commitment tier for the remainder of the calendar year. For example, a Trading Permit Holder that commits to eight eligible permits per month will be subject to a minimum monthly access fee of \$48,000 (1 at \$9,000 plus 6 at \$6,000 plus 1 at \$3,000 = \$48,000) for that calendar year. Any additional Permits will increase the fee by the applicable amount. Trading Permit Holders will be able to commit to a higher tier of the sliding scale for the remainder of a calendar year, during a commitment year, if the Trading Permit Holder obtains enough eligible Floor Broker Trading Permits and provides written notification to the Registration Services Department by the 25th day of the month preceding the month in which the higher tier will be effective (or the preceding business day if the 25th is not a business day). For example, a Trading Permit Holder may provide written notice to commit to Tier 1 effective July 1 for the remainder of the calendar year as long as the Trading Permit Holder obtains enough eligible Trading Permits and provides written notice by June 25th that the Trading Permit Holder would like to participate in the sliding scale starting in July for the remainder of that calendar year. Even if that Trading Permit Holder subsequently falls below the minimum number of eligible Floor Broker Trading Permits (in the committed calendar year), for the committed tier, the Trading Permit Holder will remain responsible for paying for the tier minimum for the remainder of the calendar year. Trading Permit Holders will be responsible to pay for at least the minimum amount of eligible Floor Broker Trading Permits in the committed tier for the calendar year on a monthly basis unless the Trading Permit Holder entirely terminates as a Trading Permit Holder during the year. If a Trading Permit Holder combines, merges, or is acquired during the course of the calendar year, the surviving Trading Permit Holder will maintain responsibility for the committed number of eligible Floor Broker Trading Permits. Any Floor Broker Trading Permit Holder that executes an average of 15,000 customer open-outcry contracts per day over the course of a calendar month in all underlying symbols excluding Underlying Symbol List A (except [RUT, JRLG, RLV and RUI])(34), DJX, XSP, XSPAM, mini-options and subcabinet trades, will receive a rebate of \$7,500 on that Floor Broker Trading Permit Holder’s Floor Broker Trading Permit fees. Any Floor Broker Trading Permit Holder that executes an average of 25,000 customer open-outcry contracts per day over the course of a calendar month in all underlying symbols excluding Underlying Symbol List A (except [RUT, JRLG, RLV and RUI])(34), DJX, XSP, XSPAM, mini-options and subcabinet trades, will receive a rebate of \$15,000 on that Floor Broker Trading Permit Holder’s Floor Broker Trading Permit fees. For purposes of determining the rebate, the qualifying volume of all Floor Broker Trading Permit Holders affiliated with a single TPH organization will be aggregated, and, if such total meets or exceeds the customer open-outcry contracts per day thresholds in all underlying symbols excluding Underlying Symbol List A (except [RUT, JRLG, RLV and RUI])(34), DJX, XSP, XSPAM and mini-options that TPH organization will receive a single rebate, regardless of the number of Floor Broker Trading Permits affiliated with that TPH organization.</p>
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36	<p>The Exchange shall credit each Trading Permit Holder the per contract amount resulting from each public customer (“C” origin code) order transmitted by that Trading Permit Holder which is executed electronically on the Exchange in all underlying symbols excluding Underlying Symbol List A (34), DJX, MXEA, MXEF, <u>MNX, NDX</u>, XSP, XSPAM, mini-options, QCC trades, public customer to public customer electronic complex order executions, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in Rule 6.80, provided the Trading Permit Holder meets certain percentage thresholds in a month as described in the Volume Incentive Program (VIP) table. This payment will be calculated from the first executed contract at the applicable threshold per contract credit. The percentage thresholds are calculated based on the percentage of national customer volume in all underlying symbols excluding Underlying Symbol List A (34), MXEA, MXEF, <u>MNX, NDX</u>, DJX, XSP, XSPAM and mini-options entered and executed over the course of the month. Volume will be recorded for and credits will be delivered to the TPH Firm that enters the order into CBOE Command. The Exchange will aggregate the contracts resulting from customer orders transmitted and executed electronically on the Exchange from affiliated Trading Permit Holders for purposes of the thresholds described in the VIP table, provided there is at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A. Additionally, the Exchange will aggregate all the contracts contained in any complex order (e.g., a 10 lot butterfly spread will count as 40 contracts). In the event of a CBOE System outage or other interruption of electronic trading on CBOE, the Exchange will adjust the national customer volume in all underlying symbols excluding Underlying Symbol List A (34), MXEA, MXEF, <u>MNX, NDX</u>, DJX, XSP, XSPAM and mini-options for the duration of the outage. A Trading Permit Holder may request to receive its credit under the VIP as a separate direct payment.</p>
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40	<p>All transaction fees for RLG, RLV, and RUI are waived through [December 2015]<u>March 31, 2016</u>.</p>
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