

OMB APPROVAL

OMB Number: 3235-0045
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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 20

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

File No.* SR - 2016 - * 018

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) *
<input type="checkbox"/>	<input type="checkbox"/>

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 03/10/2016

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 fees related to the Extended Trading Hours session. 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 (or designee) pursuant to delegated authority approved the proposed rule change on February 25, 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 amend the Fees Schedule.¹

On March 2, 2015 and March 9, 2015, the Exchange commenced Extended Trading Hours² (“ETH”) for VIX and SPX/SPXW options, respectively. The Exchange

¹ The Exchange initially filed the proposed fee changes on February 29, 2016 (SR-CBOE-2016-015). On March 10, 2016, the Exchange withdrew that filing and submitted this filing.

² The Extended Trading Hours session is from 2:00 a.m. to 8:15 a.m. Chicago time, Monday through Friday.

also established fees for the ETH session as well as adopted a rebate for Lead Market-Makers (“LMMs”).³

By way of background, ETH LMMs, like any ETH Market-Maker, must maintain continuous two-sided quotes in 60% of the series with less than nine months to expiration in their appointed products for at least 90% of the time they are quoting during ETH (to be determined on a monthly basis) and satisfy all other Market-Maker obligations set forth in Rule 8.7 during ETH (see CBOE Rule 8.7). Additionally, for SPX and VIX, if an LMM (1) provides continuous electronic quotes in at least the lesser of 99% of the non-adjusted series or 100% of the non-adjusted series minus one call-put pair in an ETH allocated class (excluding intra-day add-on series on the day during which such series are added for trading) during ETH in a given month and (2) ensures an opening of the same percentage of series by 2:05 a.m. for at least 90% of the trading days during ETH in a given month, the LMM will receive a rebate for that month and will receive a pro-rata share of a compensation pool equal to \$25,000 times the number of LMMs in that class. For example, if three LMMs are appointed in SPX, a compensation pool will be established each month totaling \$75,000. If each LMM meets the heightened continuous quoting standard in SPX during a month, each will receive \$25,000. If two LMMs meet the heightened continuous quoting standard in SPX during a month, those two LMMs

³ Pursuant to subparagraph (e)(iii)(A) of Rule 6.1A (Extended Trading Hours), the Exchange may approve one or more Market-Makers to act as LMMs in each class during Extended Trading Hours in accordance with Rule 8.15A for terms of at least one month. On September 22, 2014, the Exchange issued Regulatory Circular RG14-134, which announced that the Exchange had appointed 3 LMMs in SPX options and 3 LMMs in VIX options during ETH. The LMM appointments are effective for a one-year period and began on the launch date for ETH trading of the applicable class. On February 24, 2016, the Exchange issued Regulatory Circular RG16-038, which announced that the Exchange made new LMM appointments for a one-year period beginning after the current one-year period ends.

would each receive \$37,500 and the third LMM would receive nothing. If only one LMM meets the heightened continuous quoting standard in SPX during a month, that LMM would receive \$75,000 and the other two would receive nothing.

The Exchange proposes to reduce the rebate that the LMMs would receive if they meet the heightened quoting standard effective March 2, 2016 for VIX LMMs and March 9, 2016 for SPX LMMs (which dates correspond to the beginning of the new appointment term for LMMs). Specifically, the Exchange proposes to provide that if an LMM meets the heightened quoting standard in a month, the LMM will receive a pro-rata share of a compensation pool equal to \$15,000 times the number of LMMs in that class.⁴ Accordingly, under the proposed new rebate amount, if three LMMs are appointed in SPX, a compensation pool will be established each month totaling \$45,000. If each LMM meets the heightened continuous quoting standard in SPX during a month, each will receive \$15,000. If two LMMs meet the heightened continuous quoting standard in SPX during a month, those two LMMs would each receive \$22,500 and the third LMM would receive nothing. If only one LMM meets the heightened continuous quoting standard in SPX during a month, that LMM would receive \$45,000 and the other two would receive nothing. The Exchange proposes to replace the current example in Footnote 38 with the example described above. The Exchange notes that although it is

⁴ The compensation pool equal to \$25,000 times the number of LMMs in a class remained in effect through March 1, 2016 for VIX and March 8, 2016 for SPX, which dates correspond to the end of the current appointment term. In other words, the three previous LMMs were eligible to receive a share of a \$75,000 compensation pool, prorated through the end of their appointment, and the three new LMMs are eligible to receive a share of a \$45,000 compensation pool (which will be prorated for the month of March 2016).

reducing the rebate, it still believes the amount provided will incent appointed LMMs to increase liquidity during ETH.

Additionally, the Exchange proposes, if an appointment begins after the first day of the month or ends prior to the last day of the month, the amount of the rebate will be prorated for that month⁵. For example, the appointments for the original LMMs in SPX ended on March 8, 2016, and the new appointments began on March 9, 2016. If the three previous LMMs each satisfied the heightened continuous quoting standard through March 8, they will each receive a pro-rata share of a \$75,000 compensation pool, which pool will be prorated based on the number of trading days through March 8. Similarly, if the three new LMMs (whose appointments began on March 9) each satisfy the heightened continuous quoting standard during the period of March 9 through March 31, they will each receive a pro-rata share of a \$45,000 compensation pool, which pool will be prorated based on the remaining trading days in March.

The proposed rule change also makes nonsubstantive changes to delete two apostrophes inadvertently included in this fee provision.

(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 the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁶ Specifically, the Exchange believes the proposed rule change is consistent with the

⁵ If an appointment begins after the first trading day of the month, the compensation pool will be prorated based on the remaining trading days in the calendar month. If an appointment ends prior to the last trading day of the month, the compensation pool will be prorated based on the number of trading days in the calendar month the appointment was in effect.

⁶ 15 U.S.C. 78f(b).

Section 6(b)(5)⁷ 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 facilitating 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,⁸ 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 it is reasonable, equitable and not unfairly discriminatory to offer LMMs that meet a certain heightened quoting standard (described above) a pro-rata share of a compensation pool equal to \$15,000 times the number of LMMs in that class given the potential added costs that an LMM may undertake in order to satisfy that heightened quoting standard. Additionally, the Exchange believes that the proposed amount is reasonable, because although it is less than previously offered, appointed LMMs that meet the heightened quoting standard still receive a rebate for doing so. The Exchange also notes that if an LMM does not satisfy the heightened quoting standard, then it will not receive the proposed rebate. The Exchange believes it is equitable and not unfairly discriminatory to only offer the rebate to LMMs because it benefits all market participants in ETH to encourage LMMs to satisfy the heightened quoting standards, which may increase liquidity during those hours and provide more trading opportunities

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78f(b)(4).

and tighter spreads. The Exchange believes it is reasonable for the previous rebate amount to have remained in place through the end of the appointment term for the previous LMMs so that the same rebate amount applied through the entire term for those LMMs. Additionally, the Exchange believes it is reasonable to prorate the amount of the compensation pool if an LMM appointment only covered part of a month so that the amount of any rebate made to LMMs corresponds to the number of trading days on which it was quoting during that month.

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 the LMM rebate is offered only to certain market participants (i.e., LMMs that meet a heightened quoting standard), those market participants must meet heightened quoting standards and the rebate encourages those market participants to bring liquidity to the Exchange during ETH (which benefits all market participants).

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 SPX/SPXW and VIX, are proprietary products that will only be traded 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 Act⁹ and Rule 19b-4(f)(2)¹⁰ thereunder.

(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.

⁹ 15 U.S.C. 78s(b)(3)(A).
¹⁰ 17 CFR 240.19b-4(f)(2).

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CBOE-2016-018]

[Insert date]

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² 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 the 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 on the proposed rule change. The text of these statements may be examined at the places

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 amend the Fees Schedule.³

On March 2, 2015 and March 9, 2015, the Exchange commenced Extended Trading Hours⁴ ("ETH") for VIX and SPX/SPXW options, respectively. The Exchange also established fees for the ETH session as well as adopted a rebate for Lead Market-Makers ("LMMs").⁵

By way of background, ETH LMMs, like any ETH Market-Maker, must maintain continuous two-sided quotes in 60% of the series with less than nine months to expiration in their appointed products for at least 90% of the time they are quoting during ETH (to be determined on a monthly basis) and satisfy all other Market-Maker obligations set forth in Rule 8.7 during ETH (see CBOE Rule 8.7). Additionally, for SPX and VIX, if an LMM (1) provides continuous electronic quotes in at least the lesser of 99% of the non-

³ The Exchange initially filed the proposed fee changes on February 29, 2016 (SR-CBOE-2016-015). On March 10, 2016, the Exchange withdrew that filing and submitted this filing.

⁴ The Extended Trading Hours session is from 2:00 a.m. to 8:15 a.m. Chicago time, Monday through Friday.

⁵ Pursuant to subparagraph (e)(iii)(A) of Rule 6.1A (Extended Trading Hours), the Exchange may approve one or more Market-Makers to act as LMMs in each class during Extended Trading Hours in accordance with Rule 8.15A for terms of at least one month. On September 22, 2014, the Exchange issued Regulatory Circular RG14-134, which announced that the Exchange had appointed 3 LMMs in SPX options and 3 LMMs in VIX options during ETH. The LMM appointments are effective for a one-year period and began on the launch date for ETH trading of the applicable class. On February 24, 2016, the Exchange issued Regulatory Circular RG16-038, which announced that the Exchange made new LMM appointments for a one-year period beginning after the current one-year period ends.

adjusted series or 100% of the non-adjusted series minus one call-put pair in an ETH allocated class (excluding intra-day add-on series on the day during which such series are added for trading) during ETH in a given month and (2) ensures an opening of the same percentage of series by 2:05 a.m. for at least 90% of the trading days during ETH in a given month, the LMM will receive a rebate for that month and will receive a pro-rata share of a compensation pool equal to \$25,000 times the number of LMMs in that class. For example, if three LMMs are appointed in SPX, a compensation pool will be established each month totaling \$75,000. If each LMM meets the heightened continuous quoting standard in SPX during a month, each will receive \$25,000. If two LMMs meet the heightened continuous quoting standard in SPX during a month, those two LMMs would each receive \$37,500 and the third LMM would receive nothing. If only one LMM meets the heightened continuous quoting standard in SPX during a month, that LMM would receive \$75,000 and the other two would receive nothing.

The Exchange proposes to reduce the rebate that the LMMs would receive if they meet the heightened quoting standard effective March 2, 2016 for VIX LMMs and March 9, 2016 for SPX LMMs (which dates correspond to the beginning of the new appointment term for LMMs). Specifically, the Exchange proposes to provide that if an LMM meets the heightened quoting standard in a month, the LMM will receive a pro-rata share of a compensation pool equal to \$15,000 times the number of LMMs in that class.⁶

⁶ The compensation pool equal to \$25,000 times the number of LMMs in a class remained in effect through March 1, 2016 for VIX and March 8, 2016 for SPX, which dates correspond to the end of the current appointment term. In other words, the three previous LMMs were eligible to receive a share of a \$75,000 compensation pool, prorated through the end of their appointment, and the three new LMMs are eligible to receive a share of a \$45,000 compensation pool (which will be prorated for the month of March 2016).

Accordingly, under the proposed new rebate amount, if three LMMs are appointed in SPX, a compensation pool will be established each month totaling \$45,000. If each LMM meets the heightened continuous quoting standard in SPX during a month, each will receive \$15,000. If two LMMs meet the heightened continuous quoting standard in SPX during a month, those two LMMs would each receive \$22,500 and the third LMM would receive nothing. If only one LMM meets the heightened continuous quoting standard in SPX during a month, that LMM would receive \$45,000 and the other two would receive nothing. The Exchange proposes to replace the current example in Footnote 38 with the example described above. The Exchange notes that although it is reducing the rebate, it still believes the amount provided will incent appointed LMMs to increase liquidity during ETH.

Additionally, the Exchange proposes, if an appointment begins after the first day of the month or ends prior to the last day of the month, the amount of the rebate will be prorated for that month⁷. For example, the appointments for the original LMMs in SPX ended on March 8, 2016, and the new appointments began on March 9, 2016. If the three previous LMMs each satisfied the heightened continuous quoting standard through March 8, they will each receive a pro-rata share of a \$75,000 compensation pool, which pool will be prorated based on the number of trading days through March 8. Similarly, if the three new LMMs (whose appointments began on March 9) each satisfy the heightened continuous quoting standard during the period of March 9 through March 31,

⁷ If an appointment begins after the first trading day of the month, the compensation pool will be prorated based on the remaining trading days in the calendar month. If an appointment ends prior to the last trading day of the month, the compensation pool will be prorated based on the number of trading days in the calendar month the appointment was in effect.

they will each receive a pro-rata share of a \$45,000 compensation pool, which pool will be prorated based on the remaining trading days in March.

The proposed rule change also makes nonsubstantive changes to delete two apostrophes inadvertently included in this fee provision.

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.⁸ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁹ 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 facilitating 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,¹⁰ 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 it is reasonable, equitable and not unfairly discriminatory to offer LMMs that meet a certain heightened quoting standard (described above) a pro-rata share of a compensation pool equal to \$15,000 times the number of LMMs in that

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78f(b)(4).

class given the potential added costs that an LMM may undertake in order to satisfy that heightened quoting standard. Additionally, the Exchange believes that the proposed amount is reasonable, because although it is less than previously offered, appointed LMMs that meet the heightened quoting standard still receive a rebate for doing so. The Exchange also notes that if an LMM does not satisfy the heightened quoting standard, then it will not receive the proposed rebate. The Exchange believes it is equitable and not unfairly discriminatory to only offer the rebate to LMMs because it benefits all market participants in ETH to encourage LMMs to satisfy the heightened quoting standards, which may increase liquidity during those hours and provide more trading opportunities and tighter spreads. The Exchange believes it is reasonable for the previous rebate amount to have remained in place through the end of the appointment term for the previous LMMs so that the same rebate amount applied through the entire term for those LMMs. Additionally, the Exchange believes it is reasonable to prorate the amount of the compensation pool if an LMM appointment only covered part of a month so that the amount of any rebate made to LMMs corresponds to the number of trading days on which it was quoting during that month.

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 the LMM rebate is offered only to certain market participants (i.e., LMMs that meet a heightened quoting standard), those

market participants must meet heightened quoting standards and the rebate encourages those market participants to bring liquidity to the Exchange during ETH (which benefits all market participants).

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 SPX/SPXW and VIX, are proprietary products that will only be traded 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 Act¹¹ and paragraph (f) of Rule 19b-4¹² 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.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f).

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2016-018 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.

All submissions should refer to File Number SR-CBOE-2016-018. 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-2016-018 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.¹³

Secretary

¹³ 17 CFR 200.30-3(a)(12).

Chicago Board Options Exchange, Incorporated

Fees Schedule - [February 4] March 11, 2016

Footnotes (Continued):	
Footnote Number	Description

38	For SPX and VIX, if an LMM (1) provides continuous electronic quotes in at least the lesser of 99% of the non-adjusted series or 100% of the non-adjusted series minus one call-put pair in an ETH allocated class (excluding intra-day add-on series on the day during which such series are added for trading) during ETH in a given month and (2) ensures an opening of the same percentage of series by 2:05 a.m. for at least 90% of the trading days during ETH in a given month, the LMM will receive a rebate for that month and will receive a pro-rata share of a compensation pool equal to [\$25,000] <u>\$15,000</u> times the number of LMMs in that class (or pro-rated amount if an appointment begins after the first trading day of the month or ends prior to the last trading day of the month). For example, if three LMMs are appointed in SPX, a compensation pool will be established each month (assume appointment began at the beginning of the month for purposes of this example), totaling \$[7]45,000. If each LMM meets the heightened continuous quoting standard in SPX during a month, each will receive \$[2]15,000. If two LMM[']s meet the heightened continuous quoting standard in SPX during a month, those two LMM[']s would each receive \$[37]22,500 and the third LMM would receive nothing. If only one LMM meets the heightened continuous quoting standard in SPX during a month, that LMM would receive \$[7]45,000 and the other two would receive nothing.
