

Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR - 2016 - * 026

Amendment No. (req. for Amendments *)

Filing by Chicago Board Options Exchange

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Rule

Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)

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 adopt fees for FLEX Asian and Cliquet options

Contact InformationProvide 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 * Nicholas

Last Name * Still

Title * Counsel

E-mail * still@cboe.com

Telephone * (312) 786-7006

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 03/28/2016

By Nicholas Still

(Name *)

Counsel

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 - 1444950452474,

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549	
For complete Form 19b-4 instructions please refer to the EDFS 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 to adopt fees for Flexible Exchange (“FLEX”) Broad-Based Index Options with Asian style settlement and Cliquet style settlement (collectively, “FLEX Asian and Cliquet options” or “Exotics”). 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 March 16, 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 Nicholas Still, (312) 786-7006, 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

Background

FLEX Broad-Based Index Options provide users with the ability to customize key contract terms, like exercise prices, exercise styles, expiration dates and exercise settlement values. Pursuant to CBOE Rules 24A.5 and 24B.5, to initiate a FLEX transaction, a Submitting Trading Permit Holder submits a Request for Quotes (“RFQs”)

to a FLEX Post Official or into CBOE's Hybrid System.¹ FLEX-participating Trading Permit Holders ("FLEX Traders"), who have elected to receive RFQs, may then enter bids and offers responsive to each RFQ during a specified Request Response Period.²

On March 21, 2016, the Exchange will begin offering Asian style settlement and Cliquet style settlement for certain FLEX Broad-Based Index Options. In general, Asian style settlement provides for payout based on the average of prices of a broad-based index on pre-determined dates over a specified time period, and Cliquet style settlement provides for a payout that is the greater of \$0 or the (positive) sum of "capped" monthly returns of a broad-based index on pre-determined dates over a specified period of time. These settlement types are also referred to as "Exotics" due to their untraditional nature.

After surveying potential FLEX Broad-Based Index Options users, the Exchange learned that indexed annuity writers (insurance companies) extensively use over-the-counter ("OTC") options with Asian and Cliquet style settlement as a crediting method.³ Because of the level of customization that FLEX Broad-Based Index options provide, the Exchange is introducing exchange-traded products that would provide potential market users with an alternative to the OTC market in customized options. The new settlement types were approved pursuant to a CBOE rule filing on July 10, 2015.⁴

¹ See CBOE Rules 24A.5 and 24B.5.

² Id. See CBOE Rules 24A.5 and 24B.5 for additional information regarding FLEX trading procedures.

³ A "crediting method" is the method used to measure the change in the underlying index (e.g., point-to-point or annual reset).

⁴ See Securities Exchange Act Release No. 75312 (July 10, 2016), 80 FR 42152 (July 16, 2016) (SR-CBOE-2015-044).

Proposed Change

The Exchange proposes an Exotic Surcharge of \$0.25 to be assessed on all customer (“C” origin code) Exotic contracts executed on CBOE.⁵ The Exotic surcharge will be assessed to those FLEX Traders who trade customer orders in FLEX Asian and Cliquet options.

The Exchange also proposes a FLEX Asian and Cliquet FLEX Trader Incentive Program (“Program”). The Program will provide monthly payments to FLEX Traders who trade orders with origin codes other than “C” against customer orders in FLEX Asian and Cliquet options. A compensation pool equal to the lesser of 20% of customer exchange fees for Exotics (collected from customer orders traded against orders with origin codes other than “C”) or \$50,000 will be available each month.⁶ For example: (1) on SPX contracts, CBOE expects to collect \$1.00 per contract (customer transaction fee of \$0.44⁷ + \$0.10 CFLEX surcharge⁸ + \$0.21 Hybrid 3.0 execution surcharge⁹ + \$0.25

⁵ The Exchange initially filed the proposed fee changes on March 17, 2016 (SR-CBOE-2016-020). On March 18, 2016, the Exchange withdrew that filing and replaced it with SR-CBOE-2016-022. On March 24, 2016, the Exchange withdrew SR-CBOE-2016-022 and replaced it with SR-CBOE-2016-025. On March 28, 2016 the Exchange withdrew SR-CBOE-2016-025 and replaced it with this filing.

⁶ Fees collected from customer-to-customer FLEX Asian and Cliquet option transactions would be excluded from the compensation pool. Further, fees collected from contracts executed in a FLEX Trader’s customer-to-customer transactions would not be included to determine the FLEX Trader’s share of the compensation pool. Customer fees would be assessed normally on both sides of the transaction.

⁷ SPX contract transaction fees are dependent upon premium prices. The parenthetical and the examples below assume executions at a premium price of \$1.00 or greater.

⁸ CFLEX surcharge fees are capped at \$250 per trade and assessed on electronic FLEX transactions. The parenthetical and the examples below assume the \$250 cap was not reached on any individual transaction and that the transactions were entered electronically.

⁹ The Hybrid 3.0 execution surcharge is assessed for transactions in SPX contracts executed via the Hybrid 3.0 system. The parenthetical and the examples below assume the SPX transactions were executed via the Hybrid 3.0 system.

customer exotic surcharge); (2) on XSP contracts, CBOE expects to collect \$0.35 per contract (\$0.00 customer transaction fee + \$0.10 CFLEX surcharge + \$0.25 customer exotic surcharge); (3) on DJX and RUT contracts, CBOE expects to collect \$0.53 per contract (\$0.18 customer transaction fee + \$0.10 CFLEX surcharge + \$0.25 customer exotic surcharge); and (4) on NDX contracts, CBOE expects to collect \$0.43 per contract (\$0.18 standard index exchange fee + \$0.25 customer exotic surcharge).

A FLEX Trader will be entitled to a pro-rata share of the monthly compensation pool based on the customer order fees collected from customer orders traded against that FLEX Trader's orders with origin codes other than "C" in FLEX Asian and Cliquet options each month. The Exchange believes the Program will incentivize FLEX Traders to provide liquidity in FLEX Asian and Cliquet options. The Program shall be in place until December 31, 2016 or until total average daily volume in Exotics exceeds 15,000 contracts for three consecutive months, whichever comes first. At the time the FLEX Asian & Cliquet FLEX Trader Incentive Program ends, the Exchange will submit a rule filing removing the program from the fee schedule and notice shall be given via regulatory circular.

The following examples demonstrate how the program will work when both the monthly cap is and is not reached.

Example 1-Monthly Cap Not Reached

Index	Customer fees per contract	Total Exotic contracts traded for the month, Customer-to-orders with origin codes other than “C”	FLEX Trader 1	FLEX Trader 2	FLEX Trader 3
SPX	\$1.00	18,000	4,000	6,500	7,500
XSP	\$0.35	10,500	2,500	3,000	5,000
DJX	\$0.53	10,500	2,500	3,000	5,000
RUT	\$0.53	3,000	500	1,000	1,500
NDX	\$0.43	1,800	300	500	1,000
Total monthly Customer fees collected from Customer orders traded against orders with origin codes other than “C”	\$29,604.00		\$6,594.00	\$9,885.00	\$13,125.00
FLEX Trader % of fees collected from Customer-to-orders with origin codes other than “C”.			22.27%	33.39%	44.34%
Compensation pool amount (i.e. 20% of the Customer fees collected)	\$5,920.80				
FLEX Trader’s pro-rata share of compensation pool			\$1,318.80	\$1,977.00	\$2,625.00

Example 2-Monthly Cap is Reached

Index	Customer fees per contract	Total Exotic contracts traded for the month, Customer-to-orders with origin codes other than “C”	FLEX Trader 1	FLEX Trader 2	FLEX Trader 3
SPX	\$1.00	180,000	40,000	65,000	75,000
XSP	\$0.35	105,000	25,000	30,000	50,000
DJX	\$0.53	105,000	25,000	30,000	50,000
RUT	\$0.53	30,000	5000	10,000	15,000
NDX	\$0.43	18,000	3000	5000	10,000
Total monthly Customer fees collected from Customer orders traded against orders with origin codes other than “C”	\$296,040.00		\$65,940.00	\$98,850.00	\$131,250.00
FLEX Trader % of fees collected from Customer-to-orders with origin codes other than “C”.			22.27%	33.39%	44.34%
Compensation pool amount (i.e. 20% of the Customer fees collected is \$59,208.00, so cap applied)	\$50,000.00				
FLEX Trader’s pro-rata share of compensation pool			\$11,137.01	\$16,695.38	\$22,167.61

(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.¹⁰ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ 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,¹² 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 the Exotic Surcharge of \$0.25 is reasonable because the amount of the new fee is within the range of surcharges assessed for customer transactions in other products (for example, customers are currently assessed a \$0.21 Hybrid 3.0 Execution Surcharge (which essentially acts as a customer priority surcharge) in SPX options). Furthermore, the Exchange believes customers are willing to pay premium exchange fees on FLEX Asian and Cliquet options to obtain traditional exchange-traded benefits, like price discovery, transparency and centralized clearing.

The Exchange believes that it is equitable and not unfairly discriminatory to assess the Exotic Surcharge to customers and not other market participants because

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

¹² 15 U.S.C. 78f(b)(4).

customers are not subject to additional costs for effecting transactions in FLEX Broad-Based Index options that are applicable to other market participants, such as license surcharges. Additionally, customers are not subject to fees for effecting transactions in general that are applicable to other market participants, such as connectivity fees and fees relating to Trading Permits, and are not subject to the same obligations as other market participants, including regulatory and compliance requirements and quoting obligations.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to offer FLEX Traders a pro-rata share of a compensation pool equal to the lesser of 20% of the customer exchange fees collected on FLEX Asian and Cliquet options (from customer orders traded against orders with origin codes other than “C”) or \$50,000. FLEX Asian and Cliquet options currently trade exclusively in the OTC market. The traditional benefits of exchange-traded options cannot be realized unless there is liquidity in the FLEX markets as compared to OTC. Providing FLEX Traders with incentives to trade FLEX Asian and Cliquet options should result in a more robust price discovery process that will result in better execution prices for customers. In addition, FLEX Traders in broad-based index options have equal opportunity to receive and respond to RFQs in FLEX Asian and Cliquet options and accordingly equal opportunity to receive a pro-rata allocation of the compensation pool (based upon the share of total fees collected from customer contracts against which the respective FLEX Trader trades orders with origin codes other than “C” orders).

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

The Exchange does not believe that the proposed rule changes will impose any burdens 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. While different transaction fees are assessed to different market participants, different market participants have different obligations and circumstances as noted above. Furthermore the incentive program encourages market participants to bring liquidity in FLEX Asian and Cliquet options to the Exchange (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. As of March 21, 2016, CBOE will be the only exchange to trade FLEX Asian and Cliquet options. 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. Finally, as mentioned above, FLEX Asian and Cliquet options on the CBOE will provide competition with OTC products while providing the benefits of trading on an exchange.

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 Act¹³ and Rule 19b-4(f)(2)¹⁴ 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.

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.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(2).

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-2016-026]

[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

Background

FLEX Broad-Based Index Options provide users with the ability to customize key contract terms, like exercise prices, exercise styles, expiration dates and exercise settlement values. Pursuant to CBOE Rules 24A.5 and 24B.5, to initiate a FLEX transaction, a Submitting Trading Permit Holder submits a Request for Quotes (“RFQs”) to a FLEX Post Official or into CBOE’s Hybrid System.³ FLEX-participating Trading Permit Holders (“FLEX Traders”), who have elected to receive RFQs, may then enter bids and offers responsive to each RFQ during a specified Request Response Period.⁴

On March 21, 2016, the Exchange will begin offering Asian style settlement and Cliquet style settlement for certain FLEX Broad-Based Index Options. In general, Asian style settlement provides for payout based on the average of prices of a broad-based index on pre-determined dates over a specified time period, and Cliquet style settlement provides for a payout that is the greater of \$0 or the (positive) sum of “capped” monthly returns of a broad-based index on pre-determined dates over a specified period of time. These settlement types are also referred to as “Exotics” due to their untraditional nature.

After surveying potential FLEX Broad-Based Index Options users, the Exchange learned that indexed annuity writers (insurance companies) extensively use over-the-

³ See CBOE Rules 24A.5 and 24B.5.

⁴ Id. See CBOE Rules 24A.5 and 24B.5 for additional information regarding FLEX trading procedures.

counter (“OTC”) options with Asian and Cliquet style settlement as a crediting method.⁵ Because of the level of customization that FLEX Broad-Based Index options provide, the Exchange is introducing exchange-traded products that would provide potential market users with an alternative to the OTC market in customized options. The new settlement types were approved pursuant to a CBOE rule filing on July 10, 2015.⁶

Proposed Change

The Exchange proposes an Exotic Surcharge of \$0.25 to be assessed on all customer (“C” origin code) Exotic contracts executed on CBOE.⁷ The Exotic surcharge will be assessed to those FLEX Traders who trade customer orders in FLEX Asian and Cliquet options.

The Exchange also proposes a FLEX Asian and Cliquet FLEX Trader Incentive Program (“Program”). The Program will provide monthly payments to FLEX Traders who trade orders with origin codes other than “C” against customer orders in FLEX Asian and Cliquet options. A compensation pool equal to the lesser of 20% of customer exchange fees for Exotics (collected from customer orders traded against orders with origin codes other than “C”) or \$50,000 will be available each month.⁸ For example: (1)

⁵ A “crediting method” is the method used to measure the change in the underlying index (e.g., point-to-point or annual reset).

⁶ See Securities Exchange Act Release No. 75312 (July 10, 2016), 80 FR 42152 (July 16, 2016) (SR-CBOE-2015-044).

⁷ The Exchange initially filed the proposed fee changes on March 17, 2016 (SR-CBOE-2016-020). On March 18, 2016, the Exchange withdrew that filing and replaced it with SR-CBOE-2016-022. On March 24, 2016, the Exchange withdrew SR-CBOE-2016-022 and replaced it with SR-CBOE-2016-025. On March 28, 2016 the Exchange withdrew SR-CBOE-2016-025 and replaced it with this filing.

⁸ Fees collected from customer-to-customer FLEX Asian and Cliquet option transactions would be excluded from the compensation pool. Further, fees collected from contracts executed in a FLEX Trader’s customer-to-customer

on SPX contracts, CBOE expects to collect \$1.00 per contract (customer transaction fee of \$0.44⁹ + \$0.10 CFLEX surcharge¹⁰ + \$0.21 Hybrid 3.0 execution surcharge¹¹ + \$0.25 customer exotic surcharge); (2) on XSP contracts, CBOE expects to collect \$0.35 per contract (\$0.00 customer transaction fee + \$0.10 CFLEX surcharge + \$0.25 customer exotic surcharge); (3) on DJX and RUT contracts, CBOE expects to collect \$0.53 per contract (\$0.18 customer transaction fee + \$0.10 CFLEX surcharge + \$0.25 customer exotic surcharge); and (4) on NDX contracts, CBOE expects to collect \$0.43 per contract (\$0.18 standard index exchange fee + \$0.25 customer exotic surcharge).

A FLEX Trader will be entitled to a pro-rata share of the monthly compensation pool based on the customer order fees collected from customer orders traded against that FLEX Trader's orders with origin codes other than "C" in FLEX Asian and Cliquet options each month. The Exchange believes the Program will incentivize FLEX Traders to provide liquidity in FLEX Asian and Cliquet options. The Program shall be in place until December 31, 2016 or until total average daily volume in Exotics exceeds 15,000 contracts for three consecutive months, whichever comes first. At the time the FLEX Asian & Cliquet FLEX Trader Incentive Program ends, the Exchange will submit a rule

transactions would not be included to determine the FLEX Trader's share of the compensation pool. Customer fees would be assessed normally on both sides of the transaction.

⁹ SPX contract transaction fees are dependent upon premium prices. The parenthetical and the examples below assume executions at a premium price of \$1.00 or greater.

¹⁰ CFLEX surcharge fees are capped at \$250 per trade and assessed on electronic FLEX transactions. The parenthetical and the examples below assume the \$250 cap was not reached on any individual transaction and that the transactions were entered electronically.

¹¹ The Hybrid 3.0 execution surcharge is assessed for transactions in SPX contracts executed via the Hybrid 3.0 system. The parenthetical and the examples below assume the SPX transactions were executed via the Hybrid 3.0 system.

filing removing the program from the fee schedule and notice shall be given via regulatory circular.

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Example 1-Monthly Cap Not Reached

Index	Customer fees per contract	Total Exotic contracts traded for the month, Customer-to-orders with origin codes other than "C"	FLEX Trader 1	FLEX Trader 2	FLEX Trader 3
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DJX	\$0.53	10,500	2,500	3,000	5,000
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NDX	\$0.43	1,800	300	500	1,000
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Compensation pool amount (i.e. 20% of the Customer fees collected)	\$5,920.80				
FLEX Trader's pro-rata share of compensation pool			\$1,318.80	\$1,977.00	\$2,625.00

Example 2-Monthly Cap is Reached

Index	Customer fees per contract	Total Exotic contracts traded for the month, Customer-to-orders with origin codes other than “C”	FLEX Trader 1	FLEX Trader 2	FLEX Trader 3
SPX	\$1.00	180,000	40,000	65,000	75,000
XSP	\$0.35	105,000	25,000	30,000	50,000
DJX	\$0.53	105,000	25,000	30,000	50,000
RUT	\$0.53	30,000	5000	10,000	15,000
NDX	\$0.43	18,000	3000	5000	10,000
Total monthly Customer fees collected from Customer orders traded against orders with origin codes other than “C”	\$296,040.00		\$65,940.00	\$98,850.00	\$131,250.00
FLEX Trader % of fees collected from Customer-to-orders with origin codes other than “C”.			22.27%	33.39%	44.34%
Compensation pool amount (i.e. 20% of the Customer fees collected is \$59,208.00, so cap applied)	\$50,000.00				
FLEX Trader’s pro-rata share of compensation pool			\$11,137.01	\$16,695.38	\$22,167.61

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.¹² Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹³ 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,¹⁴ 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 the Exotic Surcharge of \$0.25 is reasonable because the amount of the new fee is within the range of surcharges assessed for customer transactions in other products (for example, customers are currently assessed a \$0.21 Hybrid 3.0 Execution Surcharge (which essentially acts as a customer priority surcharge) in SPX options). Furthermore, the Exchange believes customers are willing to pay premium exchange fees on FLEX Asian and Cliquet options to obtain traditional exchange-traded benefits, like price discovery, transparency and centralized clearing.

The Exchange believes that it is equitable and not unfairly discriminatory to assess the Exotic Surcharge to customers and not other market participants because

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ 15 U.S.C. 78f(b)(4).

customers are not subject to additional costs for effecting transactions in FLEX Broad-Based Index options that are applicable to other market participants, such as license surcharges. Additionally, customers are not subject to fees for effecting transactions in general that are applicable to other market participants, such as connectivity fees and fees relating to Trading Permits, and are not subject to the same obligations as other market participants, including regulatory and compliance requirements and quoting obligations.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to offer FLEX Traders a pro-rata share of a compensation pool equal to the lesser of 20% of the customer exchange fees collected on FLEX Asian and Cliquet options (from customer orders traded against orders with origin codes other than “C”) or \$50,000. FLEX Asian and Cliquet options currently trade exclusively in the OTC market. The traditional benefits of exchange-traded options cannot be realized unless there is liquidity in the FLEX markets as compared to OTC. Providing FLEX Traders with incentives to trade FLEX Asian and Cliquet options should result in a more robust price discovery process that will result in better execution prices for customers. In addition, FLEX Traders in broad-based index options have equal opportunity to receive and respond to RFQs in FLEX Asian and Cliquet options and accordingly equal opportunity to receive a pro-rata allocation of the compensation pool (based upon the share of total fees collected from customer contracts against which the respective FLEX Trader trades orders with origin codes other than “C” orders).

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

The Exchange does not believe that the proposed rule changes will impose any burdens 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. While different transaction fees are assessed to different market participants, different market participants have different obligations and circumstances as noted above. Furthermore the incentive program encourages market participants to bring liquidity in FLEX Asian and Cliquet options to the Exchange (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. As of March 21, 2016, CBOE will be the only exchange to trade FLEX Asian and Cliquet options. 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. Finally, as mentioned above, FLEX Asian and Cliquet options on the CBOE will provide competition with OTC products while providing the benefits of trading on an exchange.

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 Act¹⁵ and paragraph (f) of Rule 19b-4¹⁶ 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. Please include File Number SR-CBOE-2016-026 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.

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-CBOE-2016-026. 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-2016-026 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.¹⁷

Secretary

¹⁷ 17 CFR 200.30-3(a)(12).

(Changes are indicated by underlining additions and [bracketing deletions].

Chicago Board Options Exchange, Incorporated

Fees Schedule - March [11] 28, 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)(42)		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		\$0.25						
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)						
Exotic Surcharge (42)		C	\$0.25						
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		\$0.25		\$0.45
Clearing Trading Permit Holder Proprietary (11)(12)(16)(40)			F L	\$0.25 - See CBOE Clearing Trading Permit Holder Proprietary Products Sliding Scales				
CBOE Market-Maker/ DPM/LMM (10)(38)(39)(42)	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)	B N W J	\$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	F J L M B N W	\$0.45				
		SRO		\$0.26				
		SPX (incl SPXW) and SPXpm		\$0.13				
		OEX, RLG, RLV, RUI, XEO, VIX and VOLATILITY INDEXES (excluding GVZ, VXEEM, VXEWS and OVX)(40)		\$0.10				
	Product Research & Development - GVZ, VXEEM, VXEWS and OVX	(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.)						
CFLEX Surcharge Fee (17)(40)			C F J L M B N W	\$0.10 (capped at \$250 per trade)				
Exotic Surcharge (42)			C	\$0.25				
Hybrid 3.0 Execution Surcharge (SPX only) (15)(21)			C F J L B N W	\$0.21				
Customer Priority Surcharge (31) (Also applies to ETH)(37)	SPXW (electronic only)		C	\$0.10				
	VIX (Maker non-turner)			\$0.00	\$0.20			

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Footnotes (Continued):	
Footnote Number	Description
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42	FLEX Asian & Cliquet FLEX Trader Incentive Program provides monthly payments to FLEX Traders that trade orders with origin codes other than "C" against customer ("C" origin code) orders for FLEX Broad-Based Index Options with Asian or Cliquet style settlement ("Exotics"). A compensation pool equal to the lesser of 20% of customer exchange fees from Exotics (collected from customer orders traded against orders with origin codes other than "C") or \$50,000 will be available each month. A FLEX Trader will be entitled to a pro-rata share of this pool based on customer order fees collected from customer orders traded against that FLEX Trader's orders with origin codes other than "C" in Exotics each month. This program shall be in place until December 31, 2016 or until total average daily volume in Exotics exceeds 15,000 contracts for three consecutive months, whichever comes first. At the time the FLEX Asian & Cliquet FLEX Trader Incentive Program ends, the Exchange will submit a rule filing removing the program from the fee schedule and notice shall be given via regulatory circular.