

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 23

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

File No.* SR - 2016 - * 045

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 05/16/2016

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 (or designee) pursuant to delegated authority approved the proposed rule change on May 2, 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 its Fees Schedule¹. Specifically, the Exchange proposes to allow Market-Makers to designate a Trading Permit Holder with agency operations (“Order Flow Provider” or “OFP”) and Order Flow Providers to designate a Market-Maker for purposes of being able to take advantage of credits available under the Affiliate Volume Plan (“AVP”).

¹ The Exchange initially filed the proposed fee change on May 2, 2016 (SR-CBOE-2016-044). On May 16, 2016, the Exchange withdrew that filing and submitted this filing.

By way of background, the Exchange currently has in place various incentive programs that benefit “affiliated” Trading Permit Holders (“TPHs”). Particularly, under AVP, if a TPH Affiliate 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 (“Liquidity Provider Sliding Scale Credit”). More specifically, if a Market-Maker’s Affiliate reaches Tier 2, Tier 3 or Tier 4 of VIP, that Market-Maker will receive a Liquidity Provider Sliding Scale Credit of 10%, 20% or 30%, respectively. Additionally, if a Market-Maker’s Affiliate receives a credit under VIP, that Market-Maker will also receive a credit on its Market-Maker Trading Permit fees² 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”). “Affiliate” for purposes of AVP (i.e., the Liquidity Provider Sliding Scale Credit and Access Credit) is currently defined as having at least 75% common ownership between the two entities as reflected on each entity’s Form BD, Schedule A.

The Exchange now proposes to expand the availability of the credits under AVP. Specifically, the Exchange proposes to allow any Market-Maker to designate an OFP as its “Appointed OFP” and any OFP to designate a Market-Maker to be its “Appointed Market-Maker” for purposes of qualifying for credits under AVP. TPHs would

² This credit does not apply to Market-Maker Trading Permits used for appointments in SPX, SPXpm, RUT, VIX, OEX and XEO.

effectuate the designation by submitting a form to the Exchange.³ The form would need to be submitted to the Exchange by 3:00 pm on the first business day of a month in order to be eligible to qualify for credits under AVP for that month. The Exchange would view transmittal of the completed form as acceptance of such an appointment and would only recognize one such designation for each party once every calendar month, which designation would remain automatically renew each month and remain in effect unless or until the Exchange receives an email from either party indicating that the appointment has been terminated.

The Exchange notes that the proposal would be available to all Market-Makers and OFPs, even those who already have an “Affiliate” under the current definition. More specifically, the proposed change would enable a Market-Maker without an Affiliate OFP (i.e., an OFP with at least 75% common ownership between itself and that Market-Maker as reflected on each entity’s Form BD, Schedule A) – or with an Affiliate OFP – to enter into a relationship with an Appointed OFP. Similarly, an OFP with or without an Affiliate Market-Maker would be able to enter into a relationship with an Appointed Market-Maker. The proposed change increases opportunities for TPHs to qualify for credits under AVP, as it would enable TPHs that are not currently eligible for AVP (i.e., doesn’t have an “Affiliate”) to avail themselves of AVP, as well as assist TPHs that are currently eligible for AVP (i.e., has an Affiliate) to potentially achieve a higher AVP tier, thus qualifying for higher credits. The Exchange notes that a Market-Maker that has both an Affiliate OFP and Appointed OFP may only qualify based upon the volume of its Appointed OFP. Similarly, the volume of an OFP that has both an Affiliate Market-

³ The Appointed Affiliate Form may be submitted to Registration@cboe.com.

Maker and Appointed Market-Maker may only count towards qualifying the Appointed Market-Maker, not Affiliate Market-Maker, for credits under AVP (by virtue of the volume reaching qualifying VIP tiers). The Exchange believes enabling additional Market-Makers and OFPs to take advantage of the AVP credits 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.

The Exchange lastly proposes to eliminate two references to the word “affiliated” in the Notes section of the AVP table. The Exchange believes that using the term “affiliated Market-Maker” in these locations may be confusing in light of the proposal to also allow “Appointed Market-Makers”. Additionally, the Exchange believes preceding “Market-Maker” with “affiliated” is unnecessary and as such proposes to delete it in these two instances.

(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.⁴ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁵ 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

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

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. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,⁶ which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders.

The Exchange believes the proposed change is reasonable because it would be available to all Market-Makers and OFPs and the decision to be designated as an “Appointed OFP” or “Appointed Market-Maker” is completely voluntary and TPHs may elect to accept this appointment or not. Additionally, the proposed change increases opportunities for Market-Makers to qualify for credits under AVP, as it enables Market-Makers that are not currently eligible for AVP credits to avail themselves of AVP, as well as enables Market-Makers that are currently eligible for AVP to rely on volume that potentially achieves a higher VIP tier (and thus results in higher AVP credits). The Exchange also notes that other Exchanges have adopted a similar concept for their own affiliate-based incentive programs.⁷

The Exchange believes the proposed change is reasonable, equitable and not unfairly discriminatory because although only Market-Makers receive credits under AVP, 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

⁶ 15 U.S.C. 78f(b)(4).

⁷ See NYSE MKT LLC, Amex Options Fee Schedule, Section D, Prepayment Program and Section E, Amex Customer Engagement (“ACE”) Program. See also Bats EDGX Exchange, Inc., Bats EDGX Options Exchange Fees Schedule, Definitions, “Appointed MM” and “Appointed OEF”.

do not have. Additionally, the Exchange notes that incentivizing an Appointed OFP to achieve higher tiers under VIP can result in greater customer liquidity, and the resulting increased volume benefits all market participants. The Exchange also notes that the credits under AVP would be available to all Appointed Market-Makers whose Affiliate or Appointed OFP qualify. The Exchange believes enabling additional Market-Makers to take advantage of the AVP credits (not just those with “Affiliates” under the current definition) will attract more volume and liquidity to the Exchange, which will benefit all market participants.

The Exchange believes it is equitable and not unfairly discriminatory to permit only one designation of an Appointed Market-Maker and Appointed OFP per calendar month because it imposes a measure of exclusivity allowing both parties to rely upon each other’s volume executed on the Exchange and potentially increase such volume to the benefit of all Exchange participants for that month. The Exchange also believes that while it encourages parties to rely upon each other’s volume, limiting the exclusivity to one month also gives the parties the flexibility to make changes if the parties’ circumstances change (e.g., if one party terminates).

The Exchange lastly believes that eliminating the two references to the word “affiliated” in the Notes section of the AVP table reduces potential confusion, which removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

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

CBOE does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that the proposed changes are pro-competitive as they

would increase opportunities for additional TPHs to qualify for AVP, which may increase intermarket and intramarket competition by incenting Appointed OFPs and Appointed Market-Makers to bring increased volume (including customer liquidity in order to reach higher VIP tiers, which results in higher AVP credits), and the resulting increased volume benefits all market participants (including Market-Makers and OFPs that do not have Affiliates or Appointed Market-Makers or OFPs) through increased trading opportunities and enhanced price discovery. The Exchange also notes that limiting AVP credits to Market-Makers does not impose an unnecessary or inappropriate burden on intermarket competition because Market-Makers are valuable market participants that provide liquidity in the marketplace and incur costs that other market participants do not incur. Market-Makers also have a number of obligations, including quoting obligations that other market participants do not have.

Additionally, 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, as stated above, 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. 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 Act⁸ and Rule 19b-4(f)(2)⁹ 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.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 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 3. Appointed Affiliate Form

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-2016-045]

[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 its Fees Schedule³. Specifically, the Exchange proposes to allow Market-Makers to designate a Trading Permit Holder with agency operations (“Order Flow Provider” or “OFP”) and Order Flow Providers to designate a Market-Maker for purposes of being able to take advantage of credits available under the Affiliate Volume Plan (“AVP”).

By way of background, the Exchange currently has in place various incentive programs that benefit “affiliated” Trading Permit Holders (“TPHs”). Particularly, under AVP, if a TPH Affiliate 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 (“Liquidity Provider Sliding Scale Credit”). More specifically, if a Market-Maker’s Affiliate reaches Tier 2, Tier 3 or Tier 4 of VIP, that Market-Maker will receive a Liquidity Provider Sliding Scale Credit of 10%, 20% or 30%, respectively. Additionally, if a Market-Maker’s Affiliate receives a credit under VIP, that Market-Maker will also receive a credit on its Market-Maker Trading Permit fees⁴ corresponding to the VIP tier reached

³ The Exchange initially filed the proposed fee change on May 2, 2016 (SR-CBOE-2016-044). On May 16, 2016, the Exchange withdrew that filing and submitted this filing.

⁴ This credit does not apply to Market-Maker Trading Permits used for appointments in SPX, SPXpm, RUT, VIX, OEX and XEO.

(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”). “Affiliate” for purposes of AVP (i.e., the Liquidity Provider Sliding Scale Credit and Access Credit) is currently defined as having at least 75% common ownership between the two entities as reflected on each entity’s Form BD, Schedule A.

The Exchange now proposes to expand the availability of the credits under AVP. Specifically, the Exchange proposes to allow any Market-Maker to designate an OFP as its “Appointed OFP” and any OFP to designate a Market-Maker to be its “Appointed Market-Maker” for purposes of qualifying for credits under AVP. TPHs would effectuate the designation by submitting a form to the Exchange.⁵ The form would need to be submitted to the Exchange by 3:00 pm on the first business day of a month in order to be eligible to qualify for credits under AVP for that month. The Exchange would view transmittal of the completed form as acceptance of such an appointment and would only recognize one such designation for each party once every calendar month, which designation would remain automatically renew each month and remain in effect unless or until the Exchange receives an email from either party indicating that the appointment has been terminated.

The Exchange notes that the proposal would be available to all Market-Makers and OFPs, even those who already have an “Affiliate” under the current definition. More specifically, the proposed change would enable a Market-Maker without an Affiliate OFP (i.e., an OFP with at least 75% common ownership between itself and that Market-Maker

⁵ The Appointed Affiliate Form may be submitted to Registration@cboe.com.

as reflected on each entity's Form BD, Schedule A) – or with an Affiliate OFP – to enter into a relationship with an Appointed OFP. Similarly, an OFP with or without an Affiliate Market-Maker would be able to enter into a relationship with an Appointed Market-Maker. The proposed change increases opportunities for TPHs to qualify for credits under AVP, as it would enable TPHs that are not currently eligible for AVP (i.e., doesn't have an "Affiliate") to avail themselves of AVP, as well as assist TPHs that are currently eligible for AVP (i.e., has an Affiliate) to potentially achieve a higher AVP tier, thus qualifying for higher credits. The Exchange notes that a Market-Maker that has both an Affiliate OFP and Appointed OFP may only qualify based upon the volume of its Appointed OFP. Similarly, the volume of an OFP that has both an Affiliate Market-Maker and Appointed Market-Maker may only count towards qualifying the Appointed Market-Maker, not Affiliate Market-Maker, for credits under AVP (by virtue of the volume reaching qualifying VIP tiers). The Exchange believes enabling additional Market-Makers and OFPs to take advantage of the AVP credits 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.

The Exchange lastly proposes to eliminate two references to the word "affiliated" in the Notes section of the AVP table. The Exchange believes that using the term "affiliated Market-Maker" in these locations may be confusing in light of the proposal to also allow "Appointed Market-Makers". Additionally, the Exchange believes preceding "Market-Maker" with "affiliated" is unnecessary and as such proposes to delete it in these two instances.

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.⁶ Specifically, the Exchange believes the proposed rule change is consistent with the 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. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,⁸ which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders.

The Exchange believes the proposed change is reasonable because it would be available to all Market-Makers and OFPs and the decision to be designated as an “Appointed OFP” or “Appointed Market-Maker” is completely voluntary and TPHs may elect to accept this appointment or not. Additionally, the proposed change increases opportunities for Market-Makers to qualify for credits under AVP, as it enables Market-Makers that are not currently eligible for AVP credits to avail themselves of AVP, as well as enables Market-Makers that are currently eligible for AVP to rely on volume that potentially achieves a higher VIP tier (and thus results in higher AVP credits). The

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78f(b)(4).

Exchange also notes that other Exchanges have adopted a similar concept for their own affiliate-based incentive programs.⁹

The Exchange believes the proposed change is reasonable, equitable and not unfairly discriminatory because although only Market-Makers receive credits under AVP, 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 an Appointed OFP to achieve higher tiers under VIP can result in greater customer liquidity, and the resulting increased volume benefits all market participants. The Exchange also notes that the credits under AVP would be available to all Appointed Market-Makers whose Affiliate or Appointed OFP qualify. The Exchange believes enabling additional Market-Makers to take advantage of the AVP credits (not just those with “Affiliates” under the current definition) will attract more volume and liquidity to the Exchange, which will benefit all market participants.

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⁹ See NYSE MKT LLC, Amex Options Fee Schedule, Section D, Prepayment Program and Section E, Amex Customer Engagement (“ACE”) Program. See also Bats EDGX Exchange, Inc., Bats EDGX Options Exchange Fees Schedule, Definitions, “Appointed MM” and “Appointed OEF”.

one month also gives the parties the flexibility to make changes if the parties' circumstances change (e.g., if one party terminates).

The Exchange lastly believes that eliminating the two references to the word "affiliated" in the Notes section of the AVP table reduces potential confusion, which removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

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

CBOE does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that the proposed changes are pro-competitive as they would increase opportunities for additional TPHs to qualify for AVP, which may increase intermarket and intramarket competition by incenting Appointed OFPs and Appointed Market-Makers to bring increased volume (including customer liquidity in order to reach higher VIP tiers, which results in higher AVP credits), and the resulting increased volume benefits all market participants (including Market-Makers and OFPs that do not have Affiliates or Appointed Market-Makers or OFPs) through increased trading opportunities and enhanced price discovery. The Exchange also notes that limiting AVP credits to Market-Makers does not impose an unnecessary or inappropriate burden on intermarket competition because Market-Makers are valuable market participants that provide liquidity in the marketplace and incur costs that other market participants do not incur. Market-Makers also have a number of obligations, including quoting obligations that other market participants do not have.

Additionally, 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, as stated above, 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. 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 Act¹⁰ and paragraph (f) of Rule 19b-4¹¹ 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.

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 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-2016-045 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-2016-045. 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-2016-045 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.¹²

Secretary

¹² 17 CFR 200.30-3(a)(12).

EXECUTE SUCCESSSM

Registration Services Department
 400 S. LaSalle Street
 Chicago, IL 60605
 312-786-7449 – Phone
 312-786-8140 – Fax
registration@cboe.com

APPOINTED AFFILIATE FORM FOR CBOE TRADING PERMIT HOLDER ORGANIZATIONS

A Market-Maker (MM) and Order Flow Provider (OFP) Trading Permit Holder (TPH) Organization may notify the Exchange that the OFP will become that Market-Maker's "Appointed OFP" and an OFP may designate a Market-Maker to be its "Appointed Market-Maker" for purposes of qualifying for credits under the Affiliate Volume Plan (AVP).

Appointed Market-Maker TPH Organization

 Name of Trading Permit Holder (TPH) Organization (Appointed Market-Maker)

 Name of Authorized Signatory of MM TPH Organization

 Title of Authorized Signatory

 Signature of Authorized Signatory of MM TPH Organization

 Date

Appointed Order Flow Provider TPH Organization

 Name of Trading Permit Holder (TPH) Organization (Appointed Order Flow Provider)

 Name of Authorized Signatory of OFP TPH Organization

 Title of Authorized Signatory

 Signature of Authorized Signatory of OFP TPH Organization

 Date

Please fill out the above information and email the completed form as an attachment to registration@cboe.com.

Both the Appointed Market-Maker and the Appointed OFP must submit this form to the Exchange **by 3:00 pm on the first business day** of a month in order to be eligible to qualify for credits under AVP for that month. That designation will remain in effect until and unless either party notifies the Exchange otherwise.

Questions regarding this program may be directed to Jennifer Gillund at (312-786-7771) or gillundJ@cboe.com.

.....
 Representative(s) are authorized to act on behalf of the TPH: Specialist Initials: _____ Date: _____

RSD Management Review: Initials: _____ Date: _____

Chicago Board Options Exchange, Incorporated

Fees Schedule - May [2] 16, 2016

* * * * *

Volume Incentive Program (VIP)(23)(36)						
Origin	Tier	Percentage Thresholds of National Customer Volume in All Underlying Symbols Excluding Underlying Symbol List A (34), DJX, MXEA, MXEF, MNX, NDX, XSP, XSPAM 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% - 1.80%		\$0.10	\$0.21	
	3	Above 1.80% - 3.00%		\$0.12	\$0.24	
	4	Above 3.00%		\$0.15	\$0.25	

Affiliate Volume Plan (AVP)(23)(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)(<u>"Affiliate OFP"</u>) or <u>Appointed OFP</u> 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%	20%	
		4	30%	30%	

* * * * *

Footnotes (Continued):	
Footnote Number	Description
23	[Reserved]A Market-Maker may designate an Order Flow Provider ("OFP") as its "Appointed OFP" and an OFP may designate a Market-Maker to be its "Appointed Market-Maker" for purposes of qualifying for credits under AVP. In order to effectuate the appointment, the parties would need to submit the Appointed Affiliate Form to the Exchange by 3:00 p.m. CST on the first business day of the month in order to be eligible to qualify for credits under AVP for that month. The Exchange will recognize only one such designation for each party once every calendar month, which designation will automatically renew each month until or unless the Exchange receives an email from either party indicating that the appointment has been terminated. A Market-Maker that has both an Affiliate OFP and Appointed OFP will only qualify based upon the volume of its Appointed OFP. The volume of an OFP that has both an Affiliate Market-Maker and Appointed Market-Maker will only count towards qualifying the Appointed Market-Maker.

* * * * *