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Page 1 of * 28

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

File No.* SR - 2019 - * 032
Amendment No. (req. for Amendments *)

Filing by Cboe Exchange, Inc.

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) *
☑	☐	☐	☐	☑	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☑ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

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

Section 806(e)(1) * ☐

Section 806(e)(2) * ☐

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

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 *).

The Exchange proposes to tamend its 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 * Rebecca Last Name * Tenuta

Title * Counsel

E-mail * rtenuta@cboe.com

Telephone * (312) 786-7068 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.

Date 07/01/2019

By Rebecca Tenuta

(Name *)

(Title *)

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.

rtenuta@cboe.com

Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies * Add Remove View	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)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	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.
Partial Amendment Add Remove View	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) Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") 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 June 30, 2019.

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Rebecca Tenuta (312) 786-7068, Cboe Exchange, Inc., 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 schedule to (i) adopt a fee for Customer Mini-SPX Index ("XSP") options (an Exchange proprietary product) transactions, (ii) amend the Customer Large Trade Discount for XSP orders, (iii) eliminate a sliding scale transaction fee for Market Maker XSP options transactions and propose a flat-rate transaction, and (iv) eliminate Par Official fees, effective July 1, 2019.

First, the Exchange proposes to adopt a fee for Customer (origin code "C") transactions in XSP (a proprietary product). The Exchange currently does not assess any fee (or provide any rebate) for Customer orders in XSP. The Exchange now proposes to adopt a fee of $0.04 per contract for Customer orders in XSP. The Exchange notes that it

currently assesses Customer transaction fees associated with other index products, and the proposed transaction fee for XSP is lower than that of Customer fees associated with such other index products. For example, the Exchange assesses a Customer transaction fee of $0.18 for orders in most all other index products (including other proprietary index products), as well as a transaction fee of $0.25 for certain MSCI index options.[1]

The Exchange also proposes to amend the Customer Large Trade Discount program with respect to XSP customer transactions. The Customer Large Trade Discount program (the "Discount") provides a discount in the form of a cap on the quantity of customer ("C" origin code") contracts that are assessed transactions fees in certain options classes. The Discount table in the Fees Schedule sets forth the quantity of contracts necessary for a large customer trade to qualify for the Discount, which varies by product. Different caps are set for (i) VIX, (ii) SPX (including SPXW), (iii) ETF and ETN Options and (iv) "Other Index Options", which currently includes XSP. More specifically, Customer transaction fees for index products (including XSP) are currently only charged up to the first 5,000 contracts. The Exchange proposes to raise the quantity of XSP contracts necessary for a large customer trade to qualify for the Discount from 5,000 contracts per order to 20,000 contracts per order. The purpose of the proposed rule change is to moderate the discount level for Customer (C) orders in XSP in light of the increased sizes of qualifying Discount XSP orders. The Exchange believes that notwithstanding the proposed change, the large trade discount for Customer orders in XSP options will continue to incentivize the sending of large customer orders in XSP,

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[1] Excluding products listed in Underlying Symbol List A. See Cboe Options Fee Schedule, "Index Options Rate Table - All Index Products Excluding Underlying Symbol List A and Sector Indexes".

providing an increase in trading opportunities which attracts Market-Makers. As a result, an increase in Market-Maker activity facilitates tighter spreads, which may lead to additional increase of order flow from other market participants.

Next, the Exchange proposes to eliminate the sliding-scale transaction fees for Market-Maker (origin code "M") transactions in XSP options, which currently range from $0.03 to $0.23 per contract, contingent on the volume threshold (per tier level) reached. The criterion for tier levels is comprised of the percentage of a Market-Maker's volume transacted in XSP options during the calendar month. In lieu of assessing such transactions on a sliding-scale, the Exchange now proposes to assess a flat-rate fee of $0.23 per contract for Market-Maker orders in XSP. Particularly, the Exchange notes that there are currently fewer than five Market-Makers in XSP options to which the fees under the current sliding-scale structure apply. The Exchange notes that, on average in recent months, the percentage of volume in XSP options among these Market-Makers has hovered around the two lowest volume thresholds (which assess a transaction fee of $0.23 per contract or $0.17 per contract). Therefore, the Exchange has determined that the proposed change to exclude XSP options from the sliding-scale transaction fees and to asses a flat fee of $0.23 per contract in XSP options for Market-Makers better reflects the current volume trends in this options class, and will allow for the Exchange to capture revenue from potential spikes in volume that would occur outside of the current trend. In addition, the Exchange notes that various other index products, including proprietary products like that of XSP options, are also excluded from the sliding-scale scale transaction fee table and assessed a flat-rate fee that is commensurate with the proposed

flat-rate fee for Market-Maker transactions in XSP.[2] For example, the Exchange assesses a flat-rate fee of $0.23 per contract for Market-Maker transactions in Cboe Volatility Index ("VIX") options (a proprietary product) and $0.30 per contract for transactions in Russell 2000 Index ("RUT") options.

Finally, the Exchange proposes to eliminate its PAR Official Fees. Currently, the Exchange assesses fees for transactions executed through PAR Official in VIX and Volatility Index options, ranging from $0.03 to $0.12 per order executed, and for transactions executed through PAR Official in all other options classes, ranging from $0.02 to $0.04. The fees assessed per contract executed are currently contingent on the tier level reached, for which the criteria for each level is the percentage of monthly volume executed through PAR Official in either VIX or Volatility Index options or in all other options classes.

PAR Officials are Exchange employees or independent contractors whom the Exchange may designate as being responsible for operating a PAR workstation and effecting proper executions placed with them. The Exchange notes that in 2011 it implemented PAR Official fees in order to help offset the Exchange's costs of providing PAR Official services (e.g., salaries, etc.).[3] Today, PAR Officials no longer maintain many of their responsibilities as they did when the Exchange implemented PAR Official

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2 See Cboe Options Fee Schedule, "Specified Proprietary Index Options Rate Table - Underlying Symbol List A and Sector Indexes".

3 See Securities Exchange Act Release No. 67301 (January 11, 2011), 76 FR 2934 (January 18, 2011) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Exchange Fees for Fiscal Year 2011) (SR-CBOE-2010-116); and Securities Exchange Act Release No. 64834 (July 7, 2011), 76 FR 41839 (July 15, 2011) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to PAR Official Fees in Volatility Index Options) (SR-CBOE-2011-057).

fees; among other things, PAR Officials no longer maintain the book with respect to assigned classes, as the electronic book manages electronic orders and quotes, no longer have responsibilities with respect to routed orders under the current linkage plan,[4] and (with the migration of Cboe Options trading platform to that of the technology of its affiliated exchanges, Cboe C2 Exchange, Inc. ("C2"), Cboe EDGX Exchange, Inc. ("EDGX Options"), and Cboe BZX Exchange, Inc. ("BZX Options"), in the fourth quarter of 2019) order routed through PAR will no longer be automatically routed for manual handling by a PAR Official. As a result, the Exchange has determined that PAR Official fees are no longer necessary to assist the Exchange in offsetting its costs of providing PAR Official services, and now proposes to eliminate its PAR Official fees.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act,[5] in general, and furthers the requirements of Section 6(b)(4),[6] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes that its proposed fee for Customer transactions in XSP is consistent with Section 6(b)(4) of the Act in that the proposal is reasonable, equitable and not unfairly discriminatory. The Exchange believes that it is reasonable and equitable to assess fees for Customer transactions in XSP because the Exchange currently assesses fees

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4 See Cboe Options Rules, Chapter VI, Section E which describes Exchange responsibilities pursuant to the current linkage plan, the Options Order Protection and Locked/Crossed Market Plan.

5 15 U.S.C. 78f.

6 15 U.S.C. 78f(b)(4).

for Customer transactions in other index products, including other proprietary products. In addition to this, the Exchange notes that the proposed XSP Customer transaction fee is less than Customer transaction fees for other index products. To reiterate the example above, assessment of Customer transaction fees in most other index products (including other proprietary products like that of XSP) is $0.18 per contract, as well as $0.25 per contract for certain MSCI index options.[7]

The Exchange believes that raising the Customer Large Trade Discount threshold for XSP is reasonable because customers will still be receiving a discount for large trades that they would not otherwise receive. The Exchange believes that notwithstanding the proposed increase, the Customer Large Trade Discount will continue to incentivize larger Customer XSP executions. As stated, Customer order flow enhances liquidity on the Exchange for the benefit of all market participants by providing more trading opportunities, which attracts Market-Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which potentially increases order flow from other market participants. This change is equitable and not unfairly discriminatory because all customers whose large trades qualify for the Discount will still receive it.

Moreover, the Exchange notes that while the proposed Customer fee assessed is lower as compared to other market participants[8] and the large trade discount in XSP is Customer specific, the Exchange believes that the proposed fee and discount is equitable and not unfairly discriminatory because, as described above, Customer order flow enhances

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7 See Cboe Options Fee Schedule, "Index Options Rate Table - All Index Products Excluding Underlying Symbol List A and Sector Indexes".

8 See supra note 7. Firms are assessed a transaction fee between $0.20 and $0.70, depending on the transaction type, and Market-Makers, as proposed, are assessed a transaction fee of $0.23

liquidity on the Exchange for the benefit of all market participants. Moreover, the options industry has a long history of providing preferential pricing to Customers, and the Exchange's current Fee Schedule currently does so in many places, as do the fees structures of multiple other exchanges.[9] The Exchange notes that all fee amounts applicable to Customers will be applied equally to all Customers, i.e. all Customers will be assessed the same amount.

Furthermore, the Exchange believes that the proposed elimination of the sliding-scale fee structure for Market-Maker transactions in XSP and, instead, the assessment of the flat-rate fee of $0.23 per contract for Market-Maker transactions in XSP options, is consistent with Section 6(b)(4) of the Act in that the proposal is reasonable, equitable and not unfairly discriminatory. The Exchange believes that the proposed fee change in connection with Market-Maker transactions in XSP is reasonable and equitable because it better reflects the current trend in Market-Maker volume in XSP. As stated, in recent months, the average percentage of volume per Market-Maker in XSP options has hovered around the lowest two volume threshold tiers (which assess a transaction fee of $0.23 per contract or $0.17 per contract). Therefore, the Exchange believes that the change from assessing a sliding-scale fee to a flat-rate fee of $0.23 is reasonably related to the overall levels and patterns of Market-Maker market activity. Moreover, because Market-Maker volume on average has remained within bottom two tiers, the proposed flat-fee will not significantly impact or alter the current cost for executions in XSP that Market-Makers incur today. Additionally, the Exchange notes that various other index products,

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[9] See MIAX Options Fee Schedule, Transaction Fees, SPIKES, which gives preferential Customer treatment for transaction in MIAX Option's proprietary product, SPIKES.

including other proprietary products like that of XSP options, are also excluded from the sliding-scale scale transaction fee table and assessed a flat-rate fee that is commensurate with the proposed flat-rate fee assessed for Market-Maker transactions in XSP.[10]

The Exchange also believes the proposed flat-fee for Market-Maker transactions in XSP is equitable and not unfairly discriminatory because they will apply equally to all Market-Maker transactions in XSP, i.e. all Market-Makers will be assessed the same amount. Though Market-Maker transactions in XSP will be assessed a lower fee than other market participants,[11] the Exchange believes that the proposed fee is equitable and not unfairly discriminatory because Market-Makers, unlike other market participants, take on a number of obligations, including quoting obligations that other market participants do not have. Further, Market-Makers have added market making and regulatory requirements, which normally do not apply to other market participants. For example, Market-Makers have obligations to maintain continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and to not make bids or offers or enter into transactions that are inconsistent with a course of dealing.

Finally, the Exchange believes that the proposed fee schedule change to remove PAR Official fees from the fee schedule is equitable and reasonable because, today, PAR Officials no longer maintain many of their responsibilities as they did when the Exchange implemented PAR Official fees in order to help offset the Exchange's costs of providing PAR Official services (e.g., salaries, etc.).[12] As a result, the Exchange has determined

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[10] See supra note 2.

[11] See supra note 8.

[12] See supra note 3.

that PAR Official fees are no longer necessary to assist the Exchange in offsetting its costs of providing PAR Official services. In addition to this, the Exchange believes that removing PAR Official fees from the fee schedule is equitable and not unfairly discriminatory because all orders routed through a PAR Official will no longer be assessed a PAR Official fee.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange does not believe that the proposed change will impose any burden on intramarket competitions that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed fee assessed for Customers (as well as the proposed change to the Customer Large Trade Discount) and Market-Makers in XSP will be assessed equally to all such participants, respectively. As described above, while different fees are assessed to different market participants in some circumstances, these different market participants have different obligations and different circumstances. For example, Market Makers have quoting obligations that other market participants do not have, whereas preferential pricing to Customers is a long-standing options industry practice which serves to enhance Customer order flow, thereby attracting Marker-Makers to facilitate tight spreads and trading opportunities to the benefit of all market participants. In addition to this, the Exchange notes that it currently assesses fees for Customers and Market-Maker transactions in other index products, including proprietary products.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of

the purposes of the Act because the propose fees assessed and discount apply to an Exchange proprietary product, which are traded exclusively on the Exchange and the Exchange's affiliate, Cboe EDGX Exchange, Inc.

In addition to this, the Exchange notes that the proposed change to remove the PAR Official fees from its fee schedule will not impose an burden on intramarket or intermarket competition, as it is not intended as a competitive pricing change, but rather as a change to reflect the reduction in PAR Officials' responsibilities and the correlated reduction in revenue necessary to assist the Exchange in compensating PAR Officials for such responsibilities.

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

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

Item 6. **Extension of Time Period for Commission Action**

Not applicable.

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

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act[13] 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

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[13] 15 U.S.C. 78s(b)(3)(A).

[14] 17 CFR 240.19b-4(f)(2).

"Commission"). At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

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

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

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

Not applicable.

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

Not applicable.

Item 11. Exhibits

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

Exhibit 5. Proposed rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CBOE-2019-032]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Amend its 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], Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") 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

Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to amend its Fees Schedule. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also 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.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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 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 schedule to (i) adopt a fee for Customer Mini-SPX Index ("XSP") options (an Exchange proprietary product) transactions, (ii) amend the Customer Large Trade Discount for XSP orders, (iii) eliminate a sliding scale transaction fee for Market Maker XSP options transactions and propose a flat-rate transaction, and (iv) eliminate Par Official fees, effective July 1, 2019.

First, the Exchange proposes to adopt a fee for Customer (origin code "C") transactions in XSP (a proprietary product). The Exchange currently does not assess any fee (or provide any rebate) for Customer orders in XSP. The Exchange now proposes to adopt a fee of $0.04 per contract for Customer orders in XSP. The Exchange notes that it currently assesses Customer transaction fees associated with other index products, and the proposed transaction fee for XSP is lower than that of Customer fees associated with such other index products. For example, the Exchange assesses a Customer transaction

fee of $0.18 for orders in most all other index products (including other proprietary index products), as well as a transaction fee of $0.25 for certain MSCI index options.[3]

The Exchange also proposes to amend the Customer Large Trade Discount program with respect to XSP customer transactions. The Customer Large Trade Discount program (the "Discount") provides a discount in the form of a cap on the quantity of customer ("C" origin code") contracts that are assessed transactions fees in certain options classes. The Discount table in the Fees Schedule sets forth the quantity of contracts necessary for a large customer trade to qualify for the Discount, which varies by product. Different caps are set for (i) VIX, (ii) SPX (including SPXW), (iii) ETF and ETN Options and (iv) "Other Index Options", which currently includes XSP. More specifically, Customer transaction fees for index products (including XSP) are currently only charged up to the first 5,000 contracts. The Exchange proposes to raise the quantity of XSP contracts necessary for a large customer trade to qualify for the Discount from 5,000 contracts per order to 20,000 contracts per order. The purpose of the proposed rule change is to moderate the discount level for Customer (C) orders in XSP in light of the increased sizes of qualifying Discount XSP orders. The Exchange believes that notwithstanding the proposed change, the large trade discount for Customer orders in XSP options will continue to incentivize the sending of large customer orders in XSP, providing an increase in trading opportunities which attracts Market-Makers. As a result,

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[3] Excluding products listed in Underlying Symbol List A. See Cboe Options Fee Schedule, "Index Options Rate Table - All Index Products Excluding Underlying Symbol List A and Sector Indexes".

an increase in Market-Maker activity facilitates tighter spreads, which may lead to additional increase of order flow from other market participants.

Next, the Exchange proposes to eliminate the sliding-scale transaction fees for Market-Maker (origin code "M") transactions in XSP options, which currently range from $0.03 to $0.23 per contract, contingent on the volume threshold (per tier level) reached. The criterion for tier levels is comprised of the percentage of a Market-Maker's volume transacted in XSP options during the calendar month. In lieu of assessing such transactions on a sliding-scale, the Exchange now proposes to assess a flat-rate fee of $0.23 per contract for Market-Maker orders in XSP. Particularly, the Exchange notes that there are currently fewer than five Market-Makers in XSP options to which the fees under the current sliding-scale structure apply. The Exchange notes that, on average in recent months, the percentage of volume in XSP options among these Market-Makers has hovered around the two lowest volume thresholds (which assess a transaction fee of $0.23 per contract or $0.17 per contract). Therefore, the Exchange has determined that the proposed change to exclude XSP options from the sliding-scale transaction fees and to asses a flat fee of $0.23 per contract in XSP options for Market-Makers better reflects the current volume trends in this options class, and will allow for the Exchange to capture revenue from potential spikes in volume that would occur outside of the current trend. In addition, the Exchange notes that various other index products, including proprietary products like that of XSP options, are also excluded from the sliding-scale scale transaction fee table and assessed a flat-rate fee that is commensurate with the proposed flat-rate fee for Market-Maker transactions in XSP.[4] For example, the Exchange assesses

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[4] See Cboe Options Fee Schedule, "Specified Proprietary Index Options Rate Table

a flat-rate fee of $0.23 per contract for Market-Maker transactions in Cboe Volatility Index ("VIX") options (a proprietary product) and $0.30 per contract for transactions in Russell 2000 Index ("RUT") options.

Finally, the Exchange proposes to eliminate its PAR Official Fees. Currently, the Exchange assesses fees for transactions executed through PAR Official in VIX and Volatility Index options, ranging from $0.03 to $0.12 per order executed, and for transactions executed through PAR Official in all other options classes, ranging from $0.02 to $0.04. The fees assessed per contract executed are currently contingent on the tier level reached, for which the criteria for each level is the percentage of monthly volume executed through PAR Official in either VIX or Volatility Index options or in all other options classes.

PAR Officials are Exchange employees or independent contractors whom the Exchange may designate as being responsible for operating a PAR workstation and effecting proper executions placed with them. The Exchange notes that in 2011 it implemented PAR Official fees in order to help offset the Exchange's costs of providing PAR Official services (e.g., salaries, etc.).[5] Today, PAR Officials no longer maintain many of their responsibilities as they did when the Exchange implemented PAR Official fees; among other things, PAR Officials no longer maintain the book with respect to

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- Underlying Symbol List A and Sector Indexes".

5 See Securities Exchange Act Release No. 67301 (January 11, 2011), 76 FR 2934 (January 18, 2011) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Exchange Fees for Fiscal Year 2011) (SR-CBOE-2010-116); and Securities Exchange Act Release No. 64834 (July 7, 2011), 76 FR 41839 (July 15, 2011) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to PAR Official Fees in Volatility Index Options) (SR-CBOE-2011-057).

assigned classes, as the electronic book manages electronic orders and quotes, no longer have responsibilities with respect to routed orders under the current linkage plan,[6] and (with the migration of Cboe Options trading platform to that of the technology of its affiliated exchanges, Cboe C2 Exchange, Inc. ("C2"), Cboe EDGX Exchange, Inc. ("EDGX Options"), and Cboe BZX Exchange, Inc. ("BZX Options"), in the fourth quarter of 2019) order routed through PAR will no longer be automatically routed for manual handling by a PAR Official. As a result, the Exchange has determined that PAR Official fees are no longer necessary to assist the Exchange in offsetting its costs of providing PAR Official services, and now proposes to eliminate its PAR Official fees.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6 of the Act,[7] in general, and furthers the requirements of Section 6(b)(4),[8] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes that its proposed fee for Customer transactions in XSP is consistent with Section 6(b)(4) of the Act in that the proposal is reasonable, equitable and not unfairly discriminatory. The Exchange believes that it is reasonable and equitable to assess fees for Customer transactions in XSP because the Exchange currently assesses fees for Customer transactions in other index products, including other proprietary products. In

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6 See Cboe Options Rules, Chapter VI, Section E which describes Exchange responsibilities pursuant to the current linkage plan, the Options Order Protection and Locked/Crossed Market Plan.

7 15 U.S.C. 78f.

8 15 U.S.C. 78f(b)(4).

addition to this, the Exchange notes that the proposed XSP Customer transaction fee is less than Customer transaction fees for other index products. To reiterate the example above, assessment of Customer transaction fees in most other index products (including other proprietary products like that of XSP) is $0.18 per contract, as well as $0.25 per contract for certain MSCI index options.[9]

The Exchange believes that raising the Customer Large Trade Discount threshold for XSP is reasonable because customers will still be receiving a discount for large trades that they would not otherwise receive. The Exchange believes that notwithstanding the proposed increase, the Customer Large Trade Discount will continue to incentivize larger Customer XSP executions. As stated, Customer order flow enhances liquidity on the Exchange for the benefit of all market participants by providing more trading opportunities, which attracts Market-Makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which potentially increases order flow from other market participants. This change is equitable and not unfairly discriminatory because all customers whose large trades qualify for the Discount will still receive it.

Moreover, the Exchange notes that while the proposed Customer fee assessed is lower as compared to other market participants[10] and the large trade discount in XSP is Customer specific, the Exchange believes that the proposed fee and discount is equitable and not unfairly discriminatory because, as described above, Customer order flow enhances liquidity on the Exchange for the benefit of all market participants. Moreover, the options

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9 See Cboe Options Fee Schedule, "Index Options Rate Table - All Index Products Excluding Underlying Symbol List A and Sector Indexes".

10 See supra note 9. Firms are assessed a transaction fee between $0.20 and $0.70, depending on the transaction type, and Market-Makers, as proposed, are assessed a transaction fee of $0.23

industry has a long history of providing preferential pricing to Customers, and the Exchange's current Fee Schedule currently does so in many places, as do the fees structures of multiple other exchanges.[11] The Exchange notes that all fee amounts applicable to Customers will be applied equally to all Customers, i.e. all Customers will be assessed the same amount.

Furthermore, the Exchange believes that the proposed elimination of the sliding-scale fee structure for Market-Maker transactions in XSP and, instead, the assessment of the flat-rate fee of $0.23 per contract for Market-Maker transactions in XSP options, is consistent with Section 6(b)(4) of the Act in that the proposal is reasonable, equitable and not unfairly discriminatory. The Exchange believes that the proposed fee change in connection with Market-Maker transactions in XSP is reasonable and equitable because it better reflects the current trend in Market-Maker volume in XSP. As stated, in recent months, the average percentage of volume per Market-Maker in XSP options has hovered around the lowest two volume threshold tiers (which assess a transaction fee of $0.23 per contract or $0.17 per contract). Therefore, the Exchange believes that the change from assessing a sliding-scale fee to a flat-rate fee of $0.23 is reasonably related to the overall levels and patterns of Market-Maker market activity. Moreover, because Market-Maker volume on average has remained within bottom two tiers, the proposed flat-fee will not significantly impact or alter the current cost for executions in XSP that Market-Makers incur today. Additionally, the Exchange notes that various other index products, including other proprietary products like that of XSP options, are also excluded from the

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[11] See MIAX Options Fee Schedule, Transaction Fees, SPIKES, which gives preferential Customer treatment for transaction in MIAX Option's proprietary product, SPIKES.

sliding-scale scale transaction fee table and assessed a flat-rate fee that is commensurate with the proposed flat-rate fee assessed for Market-Maker transactions in XSP.[12]

The Exchange also believes the proposed flat-fee for Market-Maker transactions in XSP is equitable and not unfairly discriminatory because they will apply equally to all Market-Maker transactions in XSP, i.e. all Market-Makers will be assessed the same amount. Though Market-Maker transactions in XSP will be assessed a lower fee than other market participants,[13] the Exchange believes that the proposed fee is equitable and not unfairly discriminatory because Market-Makers, unlike other market participants, take on a number of obligations, including quoting obligations that other market participants do not have. Further, Market-Makers have added market making and regulatory requirements, which normally do not apply to other market participants. For example, Market-Makers have obligations to maintain continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and to not make bids or offers or enter into transactions that are inconsistent with a course of dealing.

Finally, the Exchange believes that the proposed fee schedule change to remove PAR Official fees from the fee schedule is equitable and reasonable because, today, PAR Officials no longer maintain many of their responsibilities as they did when the Exchange implemented PAR Official fees in order to help offset the Exchange's costs of providing PAR Official services (e.g., salaries, etc.).[14] As a result, the Exchange has determined that PAR Official fees are no longer necessary to assist the Exchange in offsetting its

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12 See supra note 4.

13 See supra note 10.

14 See supra note 5.

costs of providing PAR Official services. In addition to this, the Exchange believes that removing PAR Official fees from the fee schedule is equitable and not unfairly discriminatory because all orders routed through a PAR Official will no longer be assessed a PAR Official fee.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange does not believe that the proposed change will impose any burden on intramarket competitions that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed fee assessed for Customers (as well as the proposed change to the Customer Large Trade Discount) and Market-Makers in XSP will be assessed equally to all such participants, respectively. As described above, while different fees are assessed to different market participants in some circumstances, these different market participants have different obligations and different circumstances. For example, Market Makers have quoting obligations that other market participants do not have, whereas preferential pricing to Customers is a long-standing options industry practice which serves to enhance Customer order flow, thereby attracting Marker-Makers to facilitate tight spreads and trading opportunities to the benefit of all market participants. In addition to this, the Exchange notes that it currently assesses fees for Customers and Market-Maker transactions in other index products, including proprietary products.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of

the purposes of the Act because the propose fees assessed and discount apply to an Exchange proprietary product, which are traded exclusively on the Exchange and the Exchange's affiliate, Cboe EDGX Exchange, Inc.

In addition to this, the Exchange notes that the proposed change to remove the PAR Official fees from its fee schedule will not impose an burden on intramarket or intermarket competition, as it is not intended as a competitive pricing change, but rather as a change to reflect the reduction in PAR Officials' responsibilities and the correlated reduction in revenue necessary to assist the Exchange in compensating PAR Officials for such responsibilities.

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[15] and paragraph (f) of Rule 19b-4[16] 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

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15 15 U.S.C. 78s(b)(3)(A).

16 17 CFR 240.19b-4(f).

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-2019-032 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-2019-032. 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-2019-032 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.

Cboe Exchange, Inc.

Fees Schedule - [April 25] July 1 , 2019

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Index Options Rate Table - All Index Products Excluding Underlying Symbol List A (34) and Sector Indexes (47)			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	C	$0.0[0]4					$0.07	$0.0[0]4
	MXEA and MXEF		$0.25						$0.00
	All Index Products Excluding Underlying Symbol List A (34) and Sector Indexes (47)		$0.18						$0.18
Clearing Trading Permit Holder Proprietary (11)(12)(16)		F L	$0.20 - See Clearing Trading Permit Holder Fee Cap		$0.43	$0.70	$0.20 - See Clearing Trading Permit Holder Fee Cap		$0.25
	Facilitation (11)	F L	$0.00						$0.00
Cboe Options Market-Maker/DPM/LMM (10)	All Index Products Excluding Underlying Symbol List A (34) and Sector Indexes (47)	M	See Liquidity Provider Sliding Scale and Liquidity Provider Sliding Scale Adjustment Table						
	XSP		$0.23						
Broker-Dealer (16)		B	$0.25		$0.47	$0.75	$0.20	$0.07	$0.25
Non-Trading Permit Holder Market Maker (16)		N							
Professional /Voluntary Professional /Joint Back-Office		W J	$0.12 W Origin Code Only						$0.30
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		C	$0.25						
Exotic Surcharge - XSP Only			$0.03						
Complex Surcharge (35)		F J L M B N W			$0.12				

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Liquidity Provider Sliding Scale (10)(32)					
Origin	Tier	Volume Thresholds	Origin Code	Transaction Fee Per Contract	Notes
Cboe Options Market-Maker/DPM/LMM	1	0.00% - 0.05%	M	$0.23	Volume thresholds are based on total national Market-Maker volume in all underlying symbols excluding Underlying Symbol List A (34) and XSP during the calendar month. Applies in all underlying symbols excluding Underlying Symbol List A (34) and XSP.
	2	Above 0.05% - 0.80%		$0.17	
	3	Above 0.80% - 1.50%		$0.10	
	4	Above 1.50% - 2.25%		$0.05	
	5	Above 2.25%		$0.03	

* * * * *

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

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[PAR Official Fees (1)(15)(33)]				
[VIX and Volatility Index Options PAR Official Fees]	[Tier Level]	[% Monthly Volume Executed Through PAR Official in VIX and Volatility Index Options Classes]	[Standard Orders]	[Crossed Orders (Per Side)]
	[1]	[0 - 24.99%]	[0.03]	[$0.015]
	[2]	[25 - 49.99%]	[0.06]	[$0.03]
	[3]	[50 - 74.99%]	[0.09]	[$0.045]
	[4]	[75 - 100%]	[0.12]	[$0.06]
[PAR Official Fees in All Other Classes]	[Tier Level]	[% Monthly Volume Executed Through PAR Official in all Options Classes other than VIX and Volatility Index Options Classes]	[Standard Orders]	[Crossed Orders (Per Side)]
	[1]	[0 - 24.99%]	[N/A]	[N/A]
	[2]	[25 - 49.99%]	[0.02]	[$0.01]
	[3]	[50 - 74.99%]	[0.03]	[$0.015]
	[4]	[75 - 100%]	[0.04]	[$0.02]

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Footnotes (Continued):

Footnote Number	Description
10	The Liquidity Provider Sliding Scale applies to Liquidity Provider (Cboe Options Market-Maker, DPM and LMM) transaction fees in all products except Underlying Symbol List A (34) excluding XSP and binary options. A Liquidity Provider's standard per contract transaction fee shall be reduced to the fees shown on the sliding scale as the Liquidity Provider reaches the volume thresholds shown on the sliding scale in a month. The Exchange will aggregate the trading activity of separate Liquidity Provider firms for purposes of the sliding scale if there is at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A. A Liquidity Provider shall be required to prepay, by January 10th, $2,400,000 in order to be eligible for the fees applicable to tiers 3 - 5 of the sliding scale for the entire year. A Liquidity Provider can elect to prepay $200,000 per month to be eligible for the fees applicable to tiers 3 - 5 of the sliding scale for the remainder of the year at any time during the year, but such prepayment (and eligibility) will only be applied prospectively for the remainder of the year. A TPH that chooses, for example, in June 2014 to prepay for the remainder of the year would pay $1,200,000 for the months of July-December. All prepay arrangements must be paid before the first calendar month in which they are to begin. Contract volume resulting from any of the strategies defined in Footnote 13 will apply towards reaching the sliding scale volume thresholds.

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[33]RESERVED	[PAR Official Fees apply to all orders executed by a PAR Official except for customer orders ("C" origin) that are not directly routed to the trading floor. PAR Official Fees are charged to the order originating firm unless the originating firm cannot be identified, in which case the fees are charged to the executing firm on the trade record. PAR Official Fees will be assessed based on the percentage of the order originating firm's, or as applicable, the executing firm's total monthly volume that is effected by a PAR Official during a calendar month in accordance with the tier schedules set forth above. The first tier schedule applies to activity in VIX and Volatility Index Options classes. The second tier schedule applies in all classes other than VIX and Volatility Index Options classes. The percentage will be calculated on a monthly basis by dividing the number of contracts executed by PAR Officials on behalf of the order originating firm or, as applicable, the executing firm, by the total number of contracts executed in open outcry (by or on behalf of the order originating firm or, as applicable, the executing firm) in classes where a PAR Official is available to execute orders ("PAR Official Classes"). Contracts in VIX and Volatility Index Options shall be calculated separately for purposes of determining the PAR Official Fees in VIX and Volatility Index Options in accordance with the tier schedule for PAR Official Fees in VIX and Volatility Index Options. For example, a Floor Broker Trading Permit Holder that does not conduct business in VIX and Volatility Index Options will be assessed $.02 for all standard (non-cross) orders and $.01 for all crossed orders (per side) executed by a PAR Official on behalf of the Floor Broker during a calendar month if 25.5% of the Floor Broker's total monthly (open outcry) volume in PAR Official Classes (excluding VIX and Volatility Index Options) is executed by a PAR Official (Tier 2). A Floor Broker Trading Permit Holder that only conducts business in VIX and Volatility Index Options classes will be assessed $.06 for all standard (non-cross) orders and $.03 for all crossed orders (per side) executed by a PAR Official on behalf of the Floor Broker during a calendar month if 25.5% of the Floor Broker's total monthly (open outcry) volume in VIX and Volatility Index Options classes is executed by a PAR Official (Tier 2).]

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44	The Make Rate is derived from a Liquidity Provider's ("LP") electronic volume the previous month in all symbols excluding Underlying Symbol List A and XSP using the following formula: (i) the LP's total electronic automatic execution ("auto-ex") Maker volume (i.e., volume resulting from that LP's resting quotes or single sided quotes/orders that were executed by an incoming order or quote) divided by (ii) the LP's total auto-ex volume (i.e., volume that resulted from the LP's resting quotes/orders and volume that resulted from that LP's quotes/orders that removed liquidity). Trades on the open and complex orders will be excluded from the Make Rate calculation. The Exchange will aggregate the trading activity of separate Liquidity Provider firms for purposes of the adjustment table if there is at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A. The Taker fees and Maker rebate apply to a LP's electronic volume only, but are not applied to the following: (i) trades on the open, (ii) QCC orders, (iii) complex orders , and (iv) original paired orders executed via an auction mechanism. The Taker fees would apply to the following volume: (i) volume resulting from a LP's orders and/or quotes removing other market participants' resting orders and/or quotes and (ii) volume resulting from a LP's primary orders in unpaired auctions (i.e., Hybrid Agency Liaison ("HAL") and HAL on the Open ("HALO")). Transactions in Penny classes would be subject to a cap of $0.50 per contract, which includes the LP Sliding Scale transaction fee, Adjustment Table fee and Marketing Fee. The Maker rebate would apply to the following volume: (i) volume resulting from executions against a LP's resting orders and/or quotes and (ii) volume resulting from a LP's responses to auctions (i.e., Automated Improvement Mechanism ("AIM"), HAL, and/or HALO responses).

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