OMB APPROVAL
OMB Number: 3235-0045
Expires: August 31, 2011
Estimated average burden hours per response...........38

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

File No. SR - 2009 - 098
Amendment No.

Proposed Rule Change 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)
☑	☐	☐	☐	☑	☐

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)

Pilot ☐

Extension of Time Period for Commission Action ☐

Date Expires

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the proposed rule change (limit 250 characters).

CBOE proposes to amend its Fees Schedule to make various changes for Fiscal Year 2010

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 proposed rule change.

First Name: Jaime
Last Name: Galvan
Title: Assistant Secretary
E-mail: galvanj@cboe.com
Telephone: (312) 786-7058
Fax: (312) 786-7919

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 officer.

Date: 12/30/2009

By: Jennifer M. Lamie (Name)

Assistant Secretary (Title)

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.

Jennifer lamie, lamie@cboe.com

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 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 Proposed Rule Change

(a) Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to amend its Fees Schedule to make various changes for Fiscal Year 2010. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Exchange's Board of Directors on December 10, 2009.

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

(a) Purpose

The purpose of this proposed rule change is to amend the CBOE Fees Schedule to make various fee changes. The proposed changes are the product of the Exchange's annual budget review. The fee changes were approved by the Exchange's Board of Directors pursuant to CBOE Rule 2.22 and will take effect on January 4, 2010. The Exchange proposes to amend certain fees, eliminate several fees to simplify the Fees Schedule, and clarify the Fees Schedule in several respects. The Exchange also seeks to establish fees for transactions in S&P 500 Dividend Index (DVS) options.

A. The Exchange proposes to amend the following fees:

Index Options Transaction Fees: The Exchange proposes to amend customer, voluntary professional and broker-dealer transaction fees for certain index options to create consistent fees for similar products and to simplify the fee structure for index options. The Exchange proposes to increase the customer ("C" origin code) transaction fee in S&P 100 options (OEX and XEO) from $.30 per contract to $.40 per contract, which is the same rate charged to customers for certain other CBOE proprietary index options (Dow Jones Industrial Average (DXL) and volatility index options).

The Exchange proposes to reduce the customer transaction fee for Morgan Stanley Retail Index (MVR) options from $.40 per contract to $.18 per contract.

The Exchange proposes to increase the voluntary professional ("W" origin code) transaction fee in OEX options from $.20 per contract to $.40 per contract and in XEO options from $.30 per contract to $.40 per contract. The Exchange proposes to increase the broker-dealer[1] transaction fee in OEX and XEO options from $.30 per contract to $.40 per contract. Currently, broker-dealer transaction fees for volatility index options are $.25 per contract for manual executions and $.45 per contract for electronic executions. The Exchange proposes to charge $.40 per contract for manual and electronic broker-dealer executions in volatility index options. Broker-dealer transaction fees are currently $.25 per contract for MVR options. The Exchange proposes to increase the broker-dealer transaction fee for electronic executions in MVR options to $.45 per contract.

ETF Options Transaction Fees: The Exchange proposes to amend broker-dealer transaction fees for certain ETF options to create consistent fees for similar products and to simplify the fee structure for ETF options. Currently, the broker-dealer transaction fee in QQQQ (PowerShares QQQ Trust) options and IWM (iShares Russell 2000 Index Fund) options is $.25 per contract. The Exchange proposes to increase the broker-dealer transaction fee for electronic executions in QQQQ and IWM options to $.45 per contract.

Surcharge Fees: The Exchange currently charges a $.06 per contract surcharge fee on all non-public customer[2] transactions in OEX, XEO, SPX and volatility index options. The Exchange proposes to increase the surcharge fee for OEX, XEO and SPX options to $.10 per contract and for volatility index options to $.08 per contract. The surcharge fee is assessed to help the Exchange

---

[1] Broker-Dealer transaction fees apply to broker-dealer orders (orders with "B" origin code), non-member market-maker orders (orders with "N" origin code) and orders from specialists in the underlying security (orders with "Y" origin code). *See* CBOE Fees Schedule, Footnote 16. Broker-dealer transaction fees also apply to certain orders with "F" origin code, specifically, orders from OCC members that are not CBOE members. The Exchange proposes to clarify Footnote 16 in this regard.

[2] The Surcharge Fee applies to all non-public customer transactions (i.e. CBOE and non-member market-maker, member firm and broker-dealer), including voluntary professionals and linkage orders except for satisfaction orders. *See* CBOE Fees Schedule, Section 1 (Index Options) and Footnote 14.

recoup license fees the Exchange pays to index licensors for the right to list these products for trading and is similar to surcharge fees charged by other exchanges.

Floor Brokerage Fees: The Exchange currently charges floor brokers executing orders in OEX, SPX and DXL options \$.04 per contract and \$.02 per contract for crossed orders. The Exchange proposes to charge floor brokers executing orders in volatility index options \$.02 per contract and \$.01 per contract for crossed orders.

Cabinet Trade Transaction Fees: The Exchange has traditionally not assessed transaction fees for accommodation liquidations ("cabinet trades").[3] Cabinet trades refer to trades in listed options that are worthless or not actively traded. Due to the expansion of option classes participating in the Penny Pilot Program, the Exchange has found it increasingly difficult to distinguish cabinet trades from trades in Penny Pilot options classes for purposes of this fee waiver program. Therefore, the Exchange proposes to eliminate the fee waiver and begin assessing transaction fees for cabinet trades effective January 4, 2010.

Strategy Fee Cap: The Exchange currently caps market-maker, firm, and broker-dealer transaction fees associated with dividend, merger and short stock interest strategies, as described in Footnote 13 of the CBOE Fees Schedule.[4] Transaction fees are capped at \$1,000 for all such strategies executed on the same trading day in the same options class, and are further capped at \$50,000 per month per initiating member or firm. The Exchange proposes to reduce the per month per initiating member or firm cap from \$50,000 to \$25,000. The proposed fee cap reduction would enable the Exchange to remain competitive for these types of strategies and is similar to strategy fee caps at other options exchanges.

Customer Large Trade Discount Program: Customer ("C" origin code) transaction fees are capped for large trades in index, ETF and HOLDRs options.[5] Currently, the Exchange charges only the first 7,500 contracts of a customer order in volatility index options. The Exchange proposes to

---

[3] *See* CBOE Fees Schedule, Footnote 7.
[4] The Strategy Fee Cap is in effect as a pilot program that is due to expire on March 1, 2010.
[5] *See* CBOE Fees Schedule, Section 18.

charge only the first 5,000 contracts of a customer order in volatility index options in order to attract additional order flow to the Exchange.

Membership Application Fees: Membership application fees are set forth in Section 11 of the CBOE Fees Schedule as well as in a regulatory circular ("Membership Fees Circular"). The Exchange proposes to amend certain membership application fees as reflected in the Fees Schedule and Membership Fees Circular included as part of Exhibit 5. Specifically, the Exchange proposes to increase the Non-Member Customer Business Fee from $1,000 to $2,500, the Lessor Firm Fee from $1,000 to $2,000, and the Renewal/Change of Status Fee from $250 to $500. The proposed changes would help the Exchange recover its costs in processing these applications.

B. The Exchange proposes to eliminate the following fees (with one exception as noted below):

Customer Complex Order Fee: The Exchange proposes to eliminate the transaction fee of $.18 per contract for customer complex orders in equity and QQQQ options that "take liquidity" from the Exchange's complex order book.[6]

Member Firm Proprietary Sliding Scale - License Fee Add-On: The Exchange's Member Firm Proprietary Sliding Scale program reduces a member firm's standard $.20 per contract transaction fee if the member firm reaches the volume thresholds set forth in the sliding scale in a month.[7] Due to the Exchange's obligation to pay license fees on certain products, the Exchange currently assesses a $.10 per contract license fee (a total of 10 cents per contract less any surcharge fees already assessed) on all licensed products except Nasdaq-100 (MNX, NDX) and Russell 2000 (RUT) options when a firm reaches the fifth tier of the sliding scale. The Exchange proposes to eliminate this license fee add-on to simplify the Fees Schedule. The Exchange will continue to charge the surcharge fees set forth in Section 1 (Index Options) of the Fees Schedule on trades in licensed products when a firm reaches the fifth tier of the sliding scale.

---

[6] *See* CBOE Fees Schedule, Section 1 and Footnote 12.
[7] *See* CBOE Fees Schedule, Section 1 and Footnote 11.

Miscellaneous Fees: The following fees are proposed to be eliminated as they are outdated and/or the Exchange has determined no longer to charge them: Installation, Relocation and Removal fees for single line phones under Section 8(F)(2) of the Fees Schedule; Installation, Relocation and Removal fees for Thomson[8] market data trading floor terminals, fees for Thomson's NYSE OpenBook data, and the Installation fee of $500 for satellite TV under Section 8(F)(10) of the Fees Schedule; Trade Processing Services fees (Electronic Output/Input Services and Market-Maker Paper Ticket Fees) under Section 9 of the Fees Schedule, except for the $.0025 per contract side fee for matched and unmatched data; Fees for electronic and paper filing of FOCUS reports under Section 12 of the Fees Schedule; Fee for a service provided to member firms by the Exchange to facilitate member firm payments to floor brokers for floor brokerage services (Floor Broker Payment Program) under Section 13 of the Fees Schedule; Pass-through of periodic license or royalty fees, the fee for a hard copy subscription to the Exchange Bulletin, and the CFLEX Log-in fee under Section 15 (Miscellaneous) of the Fees Schedule; and Circuit Charges under Section 16 of the Fees Schedule.[9]

C. The Exchange proposes the following Fees Schedule clarifications:

Floor Brokerage Fees: The Exchange proposes to clarify Footnote 5 of the Fees Schedule relating to floor brokerage fees in three respects. First, the Exchange proposes to delete the sentence regarding assessment of the fee to Designated Primary Market-Makers ("DPMs") because DPMs no longer have an agency function. Second, the Exchange proposes to clarify that if a market-maker executes an order for an account in which the market-maker is not a registered participant as reflected in the Exchange's Membership Department records, the market-maker will be assessed a

---

[8] The Exchange also proposes to replace the reference to "ILX" in Section 8 of the Fees Schedule with "Thomson" to reflect the replacement of the ILX service with Thomson's service. ILX is a division of Thomson Financial.

[9] The Exchange also proposes the following clean-up changes to the Fees Schedule. The Exchange proposes to delete references to the CBOE S&P 500 BuyWrite Index (1/10th value) ("BXO") and CBOE S&P 500 Three-Month Realized Volatility ("RUH") from Section 1 (Index Options) to the Fees Schedule since the Exchange no longer trades these two classes. *See also* SR-CBOE-2009-054 (deleting RUH and BXO references from Footnote 6 to Fees Schedule). The Exchange also proposes to delete the "CBOEdirect Connectivity Fees" line item from Section 17 because those fees are now located in Section 16 of the Fees Schedule.

floor brokerage fee. Third, the Exchange proposes to clarify that order ID data is not required to be the same on both the buy and sell side of an order in order to be eligible for the discounted "crossed" rate.

Disputed Charges: The Exchange proposes to add to the Fees Schedule as Footnote 7 a statement that after three months, all fees as assessed by the Exchange are considered final by the Exchange. The purpose of this change is to encourage members to promptly review their Exchange invoices so that any disputed charges can be addressed in a timely manner.

Member Firm Proprietary Sliding Scale: The Exchange proposes to clarify Footnote 11 of the Fees Schedule relating to the Member Firm Proprietary Sliding Scale in three respects. First, the Exchange proposes to amend Footnote 11 to clarify that each member firm is responsible for notifying the Exchange's Membership Department of all of its affiliations with other members so that contracts of the firm and its affiliates may be aggregated for purposes of the sliding scale. Second, the Exchange proposes to clarify that it will aggregate the activity of separate member 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, which is the same way Exchange aggregates trading activity for the Liquidity Provider Sliding Scale.[10] Third, the Exchange proposes to clarify that a member firm's contracts executed pursuant to an OCC Clearing Member Trade Assignment (CMTA) agreement (i.e., executed by another clearing firm and then transferred to the member firm's account at the OCC) are aggregated with the member firm's non-CMTA contracts for purposes of the sliding scale.

Position Transfer Fee: The Exchange charges a fee of $.02 per contract side for options positions transferred pursuant to Rule 6.49A.[11] The fee helps offset costs the Exchange incurs in

[10] *See* CBOE Fees Schedule, Footnote 10.

[11] CBOE Rule 6.49A provides for a special procedure to permit option positions to be offered on the floor of the Exchange in the event that the positions are being transferred as part of a sale or disposition of all or substantially all of the assets or options positions of the transferring party where the transferring party would not continue to be involved in managing or owning the transferred positions. The rule also provides for off-floor transfers of positions based on certain specified exemptions, as well as with the approval of the

providing services to accommodate both on-floor and off-floor transfers of positions.[12] The fee is capped at $25,000 per transfer. The Exchange proposes to clarify the application of the $25,000 fee cap. Specifically, the Exchange proposes to clarify that for all on-floor transfers, both the position transferor (seller) and the transferee (buyer) are assessed a fee of $.02 per contract with a cap of $12,500 for each. If there are multiple transferees (buyers), each transferee is assessed a fee of $.02 per contract up to the $12,500 cap for the transferee side of the transfer package. For any off-floor transfer where regulatory review of a proposed transfer is solicited to determine whether the proposed transfer meets the off-floor transfer provisions of Rule 6.49A, the initiator of the review is assessed a fee of $.02 per contract with a cap of $25,000. If it is determined the position transfer must be affected on-floor, only the on-floor fee will be assessed.

Customer Large Trade Discount Program: The Exchange proposes to amend Section 18 of the Fees Schedule to clarify the calculation of the fee cap. The Exchange proposes to clarify that it will look at the trade date and order ID on each trade record to determine the qualification of an order for the fee cap. The order ID on each trade record must be the same in order for the Exchange to tie the trade records to the same order and accumulate the total contracts. The Exchange also proposes to clarify that for complex orders, the total contracts of an order (all legs) are counted for purposes of calculating the fee cap.

D. The Exchange proposes to establish fees for DVS options.

The Exchange recently received approval to list and trade options on the S&P 500 Dividend Index, which represents the accumulated ex-dividend amounts of all S&P 500 Index component securities over a specified accrual period (*e.g.*, quarterly, semi-annually, annually).[13]

Consistent with the changes being proposed in this filing, the amount of the transactions fees for DVS options shall be as follows:

Exchange's President under extraordinary circumstances.

[12] *See* Securities Exchange Act Release No. 59193 (January 2, 2009), 74 FR 972 (January 9, 2009).

[13] *See* Securities Exchange Act Release No. 61136 (December 10, 2009) (approving SR-CBOE-2009-022).

- $0.20 per contract for Market-Maker and Designated Primary Market-Maker transactions; [14]
- $0.20 per contract for member firm proprietary transactions;
- $0.40 per contract for manually executed broker-dealer transactions;
- $0.40 per contract for electronically executed broker-dealer transactions;
- $0.40 per contract for voluntary professional transactions;
- $0.40 per contract for customer transactions; and
- $0.10 per contract CFLEX surcharge fee.

The Exchange also proposes to adopt a $.10 per contract surcharge fee on all non-public customer transactions in DVS options to help the Exchange recoup license fees the Exchange pays to the reporting authority. The proposed surcharge fee is identical to the surcharge fee proposed to be increased from $0.06 per contract to $0.10 for non-public customer transactions in OEX, XEO and SPX options.

The Exchange's Liquidity Provider Sliding Scale shall apply to transaction fees in DVS options, but the Exchange's marketing fee[15] shall not apply. The Exchange believes the rule change will further the Exchange's goal of introducing new products to the marketplace that are competitively priced.[16]

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 ("Act")[17], in general, and furthers the objectives of Section 6(b)(4)[18] of the Act in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities. The Exchange believes the proposed index and ETF options transaction fee changes and floor brokerage fee change would create consistent fees for similar products and help to simplify the fee structure for these options. The proposed changes to the Strategy Fee Cap and Customer Large

---

[14] This is the standard rate that is subject to the Liquidity Provider Sliding Scale as set forth in Footnote 10 to the Fees Schedule.
[15] *See* Footnote 6 of the Fees Schedule.
[16] Linkage order fees are inapplicable for options on CBOE's proprietary products.
[17] 15 U.S.C. 78f(b).
[18] 15 U.S.C. 78f(b)(4).

Trade Discount Program would result in reduced fees for market participants. The proposed changes to surcharge fees and membership application fees would help the Exchange recover costs. The Exchange believes the proposed fee eliminations and Fees Schedule clarifications would update and simplify the Fees Schedule. With respect to establishing fees for DVS options, the Exchange believes the new fees proposed by this filing are equitable and reasonable in that they will further the Exchange's goal of introducing new products to the marketplace that are competitively priced and will help the Exchange recoup license fees that the Exchange pays to the reporting authority.

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

This 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.

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

No written comments were solicited or received with respect to 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)

(a) The proposed rule change is to take effect pursuant to paragraph (A) of Section 19(b)(3) of the Act[19].

(b) The proposed rule change is designated by the Exchange as establishing or changing a due, fee, or other charge applicable only to a member, thereby qualifying for effectiveness on filing pursuant to Section 19(b)(3)(A)(ii)[20] of the Act and subparagraph (f)(2) of Rule 19b-4[21] thereunder.

---

[19] 15 U.S.C. 78s(b)(3)(A).
[20] 15 U.S.C. 78s(b)(3)(A)(ii).
[21] 17 C.F.R. 240.19b-4(f)(2).

(c) Not applicable.

(d) Not applicable.

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

Not Applicable.

Item 9. Exhibits

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

Exhibit 2. Not applicable.
Exhibit 3. Not applicable.
Exhibit 4. Not applicable.
Exhibit 5. Text of Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-____________; File No. SR-CBOE-2009-098)

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated: Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Exchange Fees for Fiscal Year 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on __________, Chicago Board Options Exchange, Incorporated ("CBOE" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by CBOE. 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

Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to amend its Fees Schedule to make various changes for Fiscal Year 2010. The text of the proposed rule change is available on the Exchange's website (http://www.cboe.org/legal), at the Exchange's Office of the Secretary and at the Commission.

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

In its filing with the Commission, CBOE 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. CBOE 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, Proposed Rule Change

(a) Purpose

The purpose of this proposed rule change is to amend the CBOE Fees Schedule to make various fee changes. The proposed changes are the product of the Exchange's annual budget review. The fee changes were approved by the Exchange's Board of Directors pursuant to CBOE Rule 2.22 and will take effect on January 4, 2010. The Exchange proposes to amend certain fees, eliminate several fees to simplify the Fees Schedule, and clarify the Fees Schedule in several respects. The Exchange also seeks to establish fees for transactions in S&P 500 Dividend Index (DVS) options.

A. The Exchange proposes to amend the following fees:

Index Options Transaction Fees: The Exchange proposes to amend customer, voluntary professional and broker-dealer transaction fees for certain index options to create consistent fees for similar products and to simplify the fee structure for index options. The Exchange proposes to increase the customer ("C" origin code) transaction fee in S&P 100 options (OEX and XEO) from $.30 per contract to $.40 per contract, which is the same rate charged to customers for certain other CBOE proprietary index options (Dow Jones Industrial Average (DXL) and volatility index options). The Exchange proposes to reduce the customer transaction fee for Morgan Stanley Retail Index (MVR) options from $.40 per contract to $.18 per contract.

The Exchange proposes to increase the voluntary professional ("W" origin code) transaction fee in OEX options from $.20 per contract to $.40 per contract and in XEO options from $.30 per contract to $.40 per contract. The Exchange proposes to increase the broker-dealer[1] transaction fee in OEX and XEO options from $.30 per contract to $.40 per contract. Currently, broker-dealer transaction fees for volatility index options are $.25 per contract for manual executions and $.45 per contract for electronic executions. The Exchange proposes to charge $.40 per contract for manual and electronic broker-dealer executions in volatility index options. Broker-dealer transaction fees are currently $.25 per contract for MVR options. The Exchange proposes to increase the broker-dealer transaction fee for electronic executions in MVR options to $.45 per contract.

ETF Options Transaction Fees: The Exchange proposes to amend broker-dealer transaction fees for certain ETF options to create consistent fees for similar products and to simplify the fee structure for ETF options. Currently, the broker-dealer transaction fee in QQQQ (PowerShares QQQ Trust) options and IWM (iShares Russell 2000 Index Fund) options is $.25 per contract. The Exchange proposes to increase the broker-dealer transaction fee for electronic executions in QQQQ and IWM options to $.45 per contract.

Surcharge Fees: The Exchange currently charges a $.06 per contract surcharge fee on all non-public customer[2] transactions in OEX, XEO, SPX and volatility index options. The Exchange proposes to increase the surcharge fee for OEX, XEO and SPX options to $.10 per contract and for volatility index options to $.08 per contract. The surcharge fee is assessed to help the Exchange recoup license fees the Exchange pays to index licensors for the right to list these products for trading and is similar to surcharge fees charged by other exchanges.

---

[1] Broker-Dealer transaction fees apply to broker-dealer orders (orders with "B" origin code), non-member market-maker orders (orders with "N" origin code) and orders from specialists in the underlying security (orders with "Y" origin code). *See* CBOE Fees Schedule, Footnote 16. Broker-dealer transaction fees also apply to certain orders with "F" origin code, specifically, orders from OCC members that are not CBOE members. The Exchange proposes to clarify Footnote 16 in this regard.

[2] The Surcharge Fee applies to all non-public customer transactions (i.e. CBOE and non-member market-maker, member firm and broker-dealer), including voluntary professionals and linkage orders except for satisfaction orders. *See* CBOE Fees Schedule, Section 1 (Index Options) and Footnote 14.

Floor Brokerage Fees: The Exchange currently charges floor brokers executing orders in OEX, SPX and DXL options $.04 per contract and $.02 per contract for crossed orders. The Exchange proposes to charge floor brokers executing orders in volatility index options $.02 per contract and $.01 per contract for crossed orders.

Cabinet Trade Transaction Fees: The Exchange has traditionally not assessed transaction fees for accommodation liquidations ("cabinet trades").[3] Cabinet trades refer to trades in listed options that are worthless or not actively traded. Due to the expansion of option classes participating in the Penny Pilot Program, the Exchange has found it increasingly difficult to distinguish cabinet trades from trades in Penny Pilot options classes for purposes of this fee waiver program. Therefore, the Exchange proposes to eliminate the fee waiver and begin assessing transaction fees for cabinet trades effective January 4, 2010.

Strategy Fee Cap: The Exchange currently caps market-maker, firm, and broker-dealer transaction fees associated with dividend, merger and short stock interest strategies, as described in Footnote 13 of the CBOE Fees Schedule.[4] Transaction fees are capped at $1,000 for all such strategies executed on the same trading day in the same options class, and are further capped at $50,000 per month per initiating member or firm. The Exchange proposes to reduce the per month per initiating member or firm cap from $50,000 to $25,000. The proposed fee cap reduction would enable the Exchange to remain competitive for these types of strategies and is similar to strategy fee caps at other options exchanges.

Customer Large Trade Discount Program: Customer ("C" origin code) transaction fees are capped for large trades in index, ETF and HOLDRs options.[5] Currently, the Exchange charges only the first 7,500 contracts of a customer order in volatility index

---

[3] *See* CBOE Fees Schedule, Footnote 7.
[4] The Strategy Fee Cap is in effect as a pilot program that is due to expire on March 1, 2010.
[5] *See* CBOE Fees Schedule, Section 18.