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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65690; File No. SR-CBOE-2011-103)

November 4, 2011

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Clarify the Process for the Qualification of the Customer Large Trade Discount

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 October 28, 2011, the Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its Customer Large Trade Discount. 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, the self-regulatory organization 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 those 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 parts of such statements.

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

2 17 CFR 240.19b-4.

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

1. Purpose

The Exchange recently amended its Fees Schedule to clarify the process for the qualification of a customer order for the Customer Large Trade Discount (the "Discount"), which is intended to cap fees on large customer trades (the quantity of contracts necessary for a large customer trade to qualify for the Discount varies by product).[3] The Exchange now proposes to amend the Fees Schedule once again to further clarify the process for qualification of a customer order for the Discount.

Currently, to qualify for the Discount, an entire customer order quantity must be tied to a single order ID either within the CBOEdirect system or in FBW or PULSe or in the front end system used to transmit the order (provided the Exchange is granted access to effectively audit such front end system). The order must be entered in its entirety on one system so that the Exchange can clearly identify the total size of the order.[4] There is a minor contradiction in the wording in regards to the entry of a customer order large enough to qualify for the Discount (a "Large Customer Order") entered into a front end system, which may be a non-CBOE system (a system used by a broker) that is used to enter orders. Under the current language, the entire order quantity must be tied to a single order ID within the front end system used to transmit the order. However, in the parenthetical that follows, the language states that the order must be entered in its entirety on one system; it does not state that the order has to be transmitted from that system. It has come to the Exchange's attention that some brokers receive Large Customer Orders from customers and enter those Large Customer Orders into their front end systems, but

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3 See Securities Exchange Act Release No. 65491 (October 6, 2011), 76 FR 63680 (October 13, 2011) (SR-CBOE-2011-093).

4 See Exchange Fees Schedule, Section 18.

then telephone or otherwise transmit those orders to the CBOE trading floor. This process would qualify the Large Customer Order for the Discount under the parenthetical (since the Large Customer Order is entered in its entirety into the front end system), but technically would not qualify the Large Customer Order for the Discount under the previous sentence, since it is the telephone call, and not the front end system itself, that transmits that order to the Exchange.

The Exchange therefore proposes to eliminate this contradiction in the language by clarifying that, to qualify for the Discount, an entire customer order quantity must be tied to a single order ID within the front end system that is used to enter and/or transmit the order. This clarifies that, if a broker receives a Large Customer Order from a customer, enters it into their own front end system, and then telephones the order into the Exchange, the Large Customer Order will still qualify for the Discount. Any party that requests that an order entered in this process be granted the Discount will still have to grant the Exchange access to effectively audit the front end system, and will have to submit a customer large trade discount request which identifies all necessary trade-related information to the Exchange within 3 business days of the transactions.[5]

The proposed rule change would clear up any confusion regarding the entry and qualification of Large Customer Orders and thereby make it easier for brokers to ensure that their Large Customer Orders qualify for the Discount.

The proposed change is to take effect on November 1, 2011.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,[6] in general, and furthers the objectives of Section 6(b)(5)[7] of the Act in particular, in that it is designed to remove

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5 See Note 4.

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

impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. By clarifying the process for the qualification of Large Customer Orders for the Discount and eliminating a contradiction in the Fees Schedule language regarding such process, the proposed rule change eliminates confusion, thereby removing an impediment to and perfecting the mechanism of a free and open market system. The clarification of this process will also make it easier for CBOE to administer the Discount and ensure that it is appropriately assessed when it is applicable.

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

CBOE does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

C. 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.

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

The proposed rule change is designated by the Exchange as establishing or changing a due, fee, or other charge, thereby qualifying for effectiveness on filing pursuant to Section 19(b)(3)(A) of the Act[8] and subparagraph (f)(2) of Rule 19b-4[9] 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.

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7 15 U.S.C. 78f(b)(5).

8 15 U.S.C. 78s(b)(3)(A).

9 17 C.F.R. 240.19b-4(f)(2).

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-2011-103 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2011-103. 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, DC 20549, on official business days between the hours of 10:00 a.m.

and 3:00 p.m. Copies of such filing will also 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 No. SR-CBOE-2011-103 and should be submitted on or before [insert date 21 days from date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[10]

Kevin M. O'Neill
Deputy Secretary

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[10] 17 CFR 200.30-3(a)(12).