CBOE
CHICAGO BOARD OPTIONS EXCHANGE

To: All CBOE Trading Permit Holders and Trading Permit Holder Firms
From: Business Development Division
Date: November 30, 2011
Re: Volume Incentive Program (VIP)

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Subject to SEC review, CBOE intends to introduce a new incentive program for Trading Permit Holders ("TPHs") and TPH Firms which execute certain types and levels of business on the Exchange in excess of defined thresholds. Commencing on January 3, 2012, the Volume Incentive Program (VIP) will pay credits to Trading Permit Holders and Trading Permit Holder Firms which, over the course of a calendar month, enter and execute electronically (including via AIM, HAL, COB/COA, etc.) an aggregate average daily volume in excess of 100,000 contracts per day ("CPD") of Public Customer (C) orders in multiply-listed option classes (excluding Qualified Contingent Cross trades). Trading Permit Holders and Trading Permit Holder Firms with qualifying volume will be paid according to the following schedule:

Customer Contracts Per Day ("CPD") Threshold Per Month in Multiply-Listed Option Classes	Per Contract Credit at Each Tier per Trading Day
Contracts 0 – 100,000 Customer CPD	$.00 per contract
Contracts 100,001 – 250,000 Customer CPD	$.05 per contract
Contracts 250,001 – 375,000 Customer CPD	$.12 per contract
Contracts 375,001 + Customer CPD	$.20 per contract

For purposes of this program, volume will be recorded for and credits will be delivered to the TPH Firm that enters the order into CBOE*direct*. CBOE will aggregate qualifying volume by the affiliated firm of the executing TPH Firm, and deliver any credits to that same entity (provided there is at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A). This program will be separate and apart from the CBOE marketing fee program and any other Exchange incentive programs. For purposes of this program, the Exchange will aggregate all the contracts contained in any complex order (e.g. a 10 lot butterfly spread will count as 40 contracts).

Example A: Electronic Access Permit (EAP) TPH Firm XYZ, Inc. electronically enters and executes 3,000,000 customer (C) multiply-listed option contracts during the month of January. XYZ, Inc. also executes 1,000,000 customer (C) multiply-listed option contracts in open outcry, and 800,000 customer (C) SPX and VIX option contracts both electronically and in open outcry during the month of January, for a total of 4,800,000 customer contracts. Assuming 20 trading days, XYZ, Inc. would receive a credit of $50,000 (3,000,000 divided by 20 trading days = 150,000 CPD. No credit for first 100,000 CPD; credit of $.05/contract for remaining 50,000 CPD multiplied by 20 days. Open outcry and licensed/proprietary products are excluded).

Example B: Electronic Access Permit (EAP) TPH Firm ABC, Inc. electronically enters and executes 6,000,000 customer (C) multiply-listed option contracts during the month of January. ABC, Inc. would receive a credit of $270,000 (6,000,000 divided by 20 trading days = 300,000 CPD. No credit for first 100,000 CPD; credit of $.05/contract for next 150,000 CPD multiplied by 20 days, plus credit of $.12/contract for remaining 50,000 CPD multiplied by 20 days).

Example C: Electronic Access Permit (EAP) TPH Firm XYZ, Inc. sends Floor Broker (FB) TPH Firm QRS, Inc. orders representing 2,400,000 customer (C) multiply-listed option contracts during the month of January, all of which QRS, Inc. enters and executes - 2,000,000 in AIM against 2,000,000 non-Customer orders, and the remainder electronically by auto-ex in CBOE*direct*. QRS, Inc. would receive a credit of $20,000 (2,400,000 divided by 20 trading days = 120,000 CPD. No credit for first 100,000 CPD credit of $.05/contract for remaining 20,000 CPD multiplied by 20 days; all AIM Customer contracts are included; QRS, not XYZ, receives the credit as they entered the orders into CBOE*direct*.).

As noted above, the Volume Incentive Program is subject to the SEC's review of a rule filing describing this Program to be filed shortly.

Please direct any questions to Eric Frait at (312) 786-7747 or frait@cboe.com or to David Reynolds at (312) 786-7043 or reynolds@cboe.com.