Regulatory Circular RG11-170

To: Trading Permit Holders

From: Finance and Administration

Date: December 28, 2011

Re: Revised Circular on 2012 Marketing Fees on Index and ETF Options

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Effective January 3, 2012, the marketing fee will be assessed on classes of ETF, ETN and index options previously excluded from the program, including EWC, EWT, MNX, QQQ, VPL, VWO and XBI. The marketing fee will be $.25 for penny classes (EWT, MNX, QQQ) and $.65 for non-penny classes (EWC, VLP, VWO, XBI). The marketing fee will not be assessed on electronic transactions in QQQ, except for electronic transactions resulting from Automatic Improvement Mechanism (AIM).

As a result of these changes, Marketing Fees will be as follows effective January 3, 2012:

Marketing Fee(1)	$0.65
● XSP	$0.10
● Penny Pilot Classes	
● Equity Options	$0.25
● ETF, ETN and HOLDRs Options	$0.25
● SPY and QQQ (2)	$0.25
● DIA	$0.10

(1) The marketing fee will be assessed only on transactions of Market-Makers, e-DPMs, and DPMs, resulting from (i) customer orders from payment accepting firms, or (ii) customer orders that have designated a "Preferred Market-Maker" under CBOE Rule 8.13 at the per contract rate provided above on all classes of equity options, options on HOLDRs, options on ETFs, options on ETNs and index options; except that the marketing fee shall not apply to DJX, SPX, VIX or other volatility indexes, OEX, XEO, S&P 500 Dividend Index, binary options, credit default options, and credit default basket options. The fee will not apply to: Market-Maker-to-Market-Maker transactions including transactions resulting from orders from non-Trading Permit Holder market-makers; transactions resulting from accommodation liquidations (cabinet trades); transactions in Flexible Exchange Options; transactions resulting from any of the strategies identified and/or defined in footnote 13 of this Fees Schedule; transactions executed as a qualified contingent cross ("QCC") under Rule 6.53(u); and transactions in the Penny Pilot classes resulting from orders executed through the Hybrid Agency Liaison under Rule 6.14. A Preferred Market-Maker will only be given access to the marketing fee funds generated from a Preferred order if the Preferred Market-Maker has an appointment in the class in which the Preferred order is received and executed.

Rebate/Carryover Process: If less than 80% of the marketing fee funds collected in a given month is paid out by the DPM or Preferred Market-Maker in a given month, then the Exchange would refund such surplus at the end of the month on a pro rata basis based upon contributions made by the Market-Makers, e-DPMs, and DPMs in that month. However, if 80% or more of the funds collected in a given month is paid out by the DPM or Preferred Market-Maker, there will not be a rebate for that month unless the DPM or Preferred Market-Maker elects to have funds rebated. In the absence of such election, any excess funds will be included in an Excess Pool of funds to be used by the DPM or Preferred Market-Maker in subsequent months. The total balance of the Excess Pool of funds for a DPM or a Preferred Market-Maker cannot exceed $100,000. If in any month the Excess Pool balance were to exceed $100,000, the funds in excess of $100,000 would be refunded on a pro rata basis based upon contributions made by the Market-Makers, DPMs, and e-DPMs in that month. In addition, in any month, a DPM or a Preferred Market-Maker can elect to have any funds in its Excess Pool refunded on a pro rata basis based upon contributions made by the Market-Makers, DPMs, and e-DPMS in that month.

Each month, the Exchange assesses an administrative fee of .45% on the total amount of the funds collected each month; provided, however, no Market-Maker, e-DPM or DPM would contribute more than 15% of the total amount of funds raised by the .45% administrative fee.

(2) The marketing fee will not be assessed on electronic transactions in SPY and QQQ, except for electronic transactions resulting from AIM. The marketing fee will continue to be assessed on open outcry in SPY and QQQ.

Transaction fee questions may be directed to Don Patton at (312) 786-7026 or patton@cboe.com, Colleen Laughlin at 312-786-8390 or laughlin@cboe.com, or John Mavindidze at (312) 786-7689 or mavindidze@cboe.com.