

Regulatory Circular RG16-054

Date: March 18, 2016

To: Trading Permit Holders

From: Finance and Administration

RE: Asian Style Settlement and Cliquet Style Settlement for Flexible Exchange Broad-Based Index Options

On March 21, 2016, Chicago Board Options Exchange, Incorporated ("CBOE" or the "Exchange") will commence trading Asian style settlement and Cliquet style settlement FLEX Broad-Based Index Options ("FLEX Asian and Cliquet options" or "Exotics"). FLEX Asian and Cliquet options are permitted only for broad-based indexes on which options are eligible for trading on CBOE. FLEX Asian and Cliquet options will be traded on the Hybrid Trading System Platform and transaction fees will be based on the applicable broad-based index executed with FLEX Asian or FLEX Cliquet style settlement plus applicable FLEX options and Hybrid fees. See Regulatory Circular RG16-044 for a product description of FLEX Asian and Cliquet options.

This circular explains updates to the Fees Schedule for CBOE, for FLEX Asian and Cliquet options, effective March 21, 2016, subject to SEC review.

Exotic Surcharge

CBOE is adopting a \$0.25 Exotic Surcharge to be assessed on FLEX Submitting Trading Permit Holders who trade customer ("C" origin code) orders with Asian style settlement and Cliquet style settlement.

Incentive Program

FLEX Asian & Cliquet FLEX Trader Incentive Program provides monthly payments to FLEX Traders that trade orders with origin codes other than "C" against customer ("C" origin code) orders for FLEX Broad-Based Index Options with Asian or Cliquet style settlement ("Exotics"). A compensation pool equal to the lesser of 20% of customer exchange fees from Exotics (collected from customer orders traded against orders with origin codes other than "C") or \$50,000 will be available each month¹. FLEX Traders will be entitled to a pro rata share of the monthly compensation pool based on the customer order fees collected from customer orders traded against that FLEX Trader's orders with origin codes other than "C" in FLEX Asian and Cliquet options. This program shall be in place until December 31, 2016 or until total average daily volume in Exotics exceeds 15,000 contracts for three consecutive months, whichever comes first.

CBOE Fees Schedule

<http://www.cboe.com/publish/feeschedule/CBOEFeeSchedule.pdf>

Additional Information

Questions may be directed to Don Patton at (312) 786-7026 or patton@cboe.com, or John Mavindidze at (312) 786-7689 or mavindidze@cboe.com.

¹ Fees collected from customer-to-customer FLEX Asian and Cliquet option transactions are excluded from the compensation pool. Further, fees collected from contracts executed in a FLEX Trader's customer-to-customer transactions would not be included to determine the FLEX Trader's share of the compensation pool.