

public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site 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 the filing also will 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 Number SR-EDGA-2011-02 and should be submitted on or before March 3, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Cathy H. Ahn,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63844; File No. SR-CBOE-2011-010]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change Relating to Bylaw and Related Rule Changes

February 4, 2011.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act" or "Exchange Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 27, 2011, Chicago Board Options Exchange, Incorporated ("CBOE") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, and II 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

CBOE proposes to (i) Amend its Bylaws and rules to eliminate its office of Vice Chairman of the Board, (ii) amend its Bylaws to eliminate its Trading Advisory Committee and

provide that the Board of Directors may establish an Advisory Board, (iii) amend its Bylaws to eliminate its Audit Committee, and (iv) amend its Bylaws to conform the composition requirements of its Board of Directors and Executive Committee to the composition requirements of the Board of Directors and Executive Committee of its affiliate C2 Options Exchange, Incorporated ("C2").

The text of the proposed amendments to CBOE's Bylaws and the proposed amendments to CBOE's rules is available on CBOE's Web site (<http://www.cboe.org/Legal>), at CBOE's Office of the Secretary, on the Commission's Web site at <http://www.sec.gov>, and at the Commission's Public Reference Room.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule change is to eliminate the office of CBOE Vice Chairman of the Board, to eliminate the CBOE Trading Advisory Committee and allow for a CBOE Advisory Board, to eliminate the CBOE Audit Committee, and to conform the composition requirements for the CBOE Board of Directors and CBOE Executive Committee to the corollary C2 composition requirements.

(a) Elimination of Office of Vice Chairman of the Board

In light of CBOE's demutualization and conversion from a membership organization to a stock corporation owned by a public holding company in June 2010, and based on the Exchange's experience since that time in operating in that form, the Exchange believes that it is no longer necessary to provide for an office of Vice Chairman of the Board (which is an office held by one of the Exchange's Industry Directors). Historically, the Vice Chairman's

primary functions were to take a lead role in facilitating communication between the Exchange and its membership, including lessor members that owned memberships and leased them to trading members, and in coordinating the activities of member committees. The role of the Vice Chairman has been significantly reduced since the Exchange has changed its structure. For example, the Exchange no longer has lessor members (as they became stockholders of CBOE's holding company, CBOE Holdings, Inc. ("CBOE Holdings")), in CBOE's restructuring), the Exchange's trading members are now Trading Permit Holders, and there are far fewer Trading Permit Holder committees than in the past. Additionally, the Exchange believes that it will continue to be able to obtain input from Trading Permit Holders through, among other things, direct communication with individual Trading Permit Holders and the ability to establish Trading Permit Holder committees (even if fewer than in the past) and an Advisory Board (as proposed by this rule filing).

The Exchange Bylaws will also continue to require that at least 30% of the directors on the CBOE Board of Directors must be Industry Directors and that at least 20% of CBOE's directors must be Representative Directors. Representative Directors are Industry Directors nominated (or otherwise selected through a petition process) by the Industry-Director Subcommittee of the CBOE Nominating and Governance Committee. The Industry-Director Subcommittee is composed of all of the Industry Directors serving on the Nominating and Governance Committee. CBOE Trading Permit Holders may nominate alternative Representative Director candidates to those nominated by the Industry Director Subcommittee, in which case a Run-off Election is held in which CBOE's Trading Permit Holders vote to determine which candidates will be elected to the CBOE Board of Directors to serve as Representative Directors. Thus, the Exchange will continue to provide for the fair representation of CBOE Trading Permit Holders in the selection of directors and the administration of the Exchange consistent with Section 6(b)(3) of the Act.³

The specific proposed CBOE Bylaw and rule changes related to the elimination of the office of Vice Chairman of Board include the following changes:

¹¹ 17 CFR 200.30-3(a)(12).

¹⁵ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78f(b)(3).

Section 3.7 of the Bylaws, which describes the selection, the term, and roles of the Vice Chairman, is proposed to be deleted. The current roles of the Vice Chairman listed in Section 3.7 of the Bylaws (and how those roles will be performed going forward) are (i) Presiding over meetings of the Board of Directors in the event that the Chairman of the Board is absent or unable to do so (which will be addressed by Section 3.8(a) of the Bylaws to be re-numbered from Section 3.9(a), which is proposed to be amended to eliminate references to the Vice Chairman and which will continue to allow the Board to designate an Acting Chairman of the Board in the absence or inability to act of the Chairman, which could be the Lead Director or another director); (ii) serving as chair of the Trading Advisory Committee (which Committee is proposed to be eliminated by this rule filing); (iii) unless otherwise provided in the rules or by Board resolution, appointing, subject to Board approval, the individuals to serve on Trading Permit Holder committees (which will be addressed by Section 4.1(b) of the Bylaws, which is proposed to be amended to vest this appointment authority, also subject to Board approval of such appointments, in the Chief Executive Officer or his or her designee); and (iv) exercising such other powers and performing such other duties as are delegated to the Vice Chairman by the Board (which is not an item that needs to be addressed since there are no such other powers or duties that the Board has delegated to the Vice Chairman).

Two additional current roles of the Vice Chairman are set forth in Section 5.3 of the Bylaws, which is also proposed to be deleted. Those roles are presiding at meetings of Trading Permit Holders and coordinating the activities of all Trading Permit Holder committees. The Exchange's expectation is that CBOE management will perform these functions.

Section 2.3 of the Bylaws is proposed to be amended to delete the Vice Chairman as one of the parties that can call a special meeting of the stockholders. This Section will continue to permit special meetings of the stockholders to be called by either the Chairman of the Board or a majority of the Board.

Section 3.9(b) of the Bylaws is proposed to be re-numbered as Section 3.8(b) and to be amended to delete how the office of Vice Chairman is filled in the event of a vacancy in that office.

Section 3.12 of the Bylaws is proposed to be re-numbered as Section 3.11 and to be amended to delete the

Vice Chairman as one of the parties that can call a special meeting of the Board of Directors. This Section will continue to permit special meetings of the Board to be called by either the Chairman of the Board or the Secretary upon the written request of any four directors.

In a related change, Section 4.1(b) of the Bylaws is proposed to be amended to vest the authority to remove a member of an Exchange committee (*i.e.*, a non-Board committee) in the Chief Executive Officer or his or her designee, subject to the approval of the Board. This authority was previously vested with the Board itself. The Exchange is proposing to vest this authority with the Chief Executive Officer or his or her designee in order to have consistency with the proposed Exchange committee appointment authority which, as is described above, is also proposed to be vested in the Chief Executive Officer or his or her designee, subject to the approval of the Board.

Section 4.2 of the Bylaws is proposed to be amended to delete the Vice Chairman as one of the required members of the CBOE Executive Committee.

Section 5.1 of the Bylaws is proposed to be amended to delete the Vice Chairman as one of the required officers of the Exchange.

CBOE Rule 2.1(a) is proposed to be amended to vest the appointment and removal authority with respect to Exchange committees in the Chief Executive Officer or his or her designee, subject to the approval of the Board, consistent with the proposed Bylaw changes described above. Currently, Rule 2.1(a) provides that the Vice Chairman possesses this appointment authority, subject to the approval of the Board, with respect to the BCC; and that the Board possesses the removal authority. The President was vested with the appointment authority for the BCC, subject to the approval of the Board, so that this authority would be exercised by an individual that is not subject to the disciplinary jurisdiction of the BCC. The Chief Executive Officer, like the President, is part of Exchange management and is not a Trading Permit Holder or an associated person of a Trading Permit Holder and is not subject to the disciplinary jurisdiction of the BCC. The Exchange represents that any designee of the Chief Executive Officer designated to appoint the members of the BCC, subject to the approval of the Board, would also not be

a Trading Permit Holder or an associated person of a Trading Permit Holder and would also not be subject to the disciplinary jurisdiction of the BCC.

CBOE Rule 16.1 is proposed to be amended to vest the President with summary suspension authority under the Rule instead of the Vice Chairman. The Chairman of the Board would also continue to retain that authority. Also, the title of Chapter XVI of the Exchange's rules is proposed to be shortened from "Summary Suspension by Chairman of the Board or Vice Chairman of the Board" to "Summary Suspension" in order to eliminate the reference to the Vice Chairman.

(b) Elimination of Trading Advisory Committee and Addition of Advisory Board Provision

Section 4.7 of the Bylaws currently provides for a Trading Advisory Committee to advise CBOE's Office of the Chairman regarding matters of interest to Trading Permit Holders. Section 4.7 provides that the Board of Directors sets the number of members on the Trading Advisory Committee, that the majority of the members of the Committee shall be involved in trading either directly or through their firms, that the Chairman of the Committee is the Vice Chairman of the Board, and that the Vice Chairman appoints the other members of the Committee with the approval of the Board.

In place of a Trading Advisory Committee, the Exchange proposes to amend the Bylaws to delete Section 4.7 of the Bylaws as well as a reference to the Trading Advisory Committee in Section 4.1(b) of the Bylaws and to provide in new proposed Section 6.1 of the Bylaws that the Board of Directors may establish an Advisory Board which shall advise the Office of the Chairman regarding matters of interest to Trading Permit Holders. The Exchange believes that the term "Advisory Board" better reflects the important function served by such a body in providing a vehicle for Exchange management to receive advice from the perspective of Trading Permit Holders and regarding matters that impact Trading Permit Holders.

Under proposed Section 6.1 of the Bylaws, it is proposed that the Board of Directors shall determine the number of members of an Advisory Board, that the Chief Executive Officer or his or her designee shall serve as the Chairman of an Advisory Board, and that the CBOE Nominating and Governance Committee shall recommend the members of an Advisory Board for approval by the Board of Directors.

The Advisory Board would be completely advisory in nature and not

be vested with any Exchange decision-making authority or other authority to act on behalf of the Exchange. Although proposed Section 6.1 of the Bylaws provides the Board of Directors with the discretion of whether or not to put in place an Advisory Board, it is the current intention of the Board of Directors to establish an Advisory Board.

(c) Elimination of Exchange Audit Committee

The Exchange proposes to eliminate its Audit Committee because its functions are duplicative of the functions of the Audit Committee of its parent company, CBOE Holdings.

Under its charter, the CBOE Holdings Audit Committee has broad authority to assist the CBOE Holdings Board of Directors in discharging its responsibilities relating to, among other things, (i) The qualifications, engagement, and oversight of CBOE Holdings' independent auditor, (ii) CBOE Holdings' financial statements and disclosure matters, (iii) CBOE Holdings' internal audit function and internal controls, and (iv) CBOE Holdings' oversight and risk management, including compliance with legal and regulatory requirements. Because CBOE Holdings' financial statements are prepared on a consolidated basis that includes the financial results of CBOE Holdings' subsidiaries, including CBOE, the CBOE Holdings Audit Committee's purview necessarily includes CBOE. The CBOE Holdings Audit Committee is composed of at least three CBOE Holdings directors, all of whom must be independent within the meaning given to that term in the CBOE Holdings Bylaws and Corporate Governance Guidelines and Rule 10A-3 under the Act.⁴ All CBOE Holdings Audit Committee members must be financially literate (or become financially literate within a reasonable period of time after appointment to the Committee), and at least one member of the Committee must be an "audit committee financial expert" as defined by the SEC.

By contrast, the CBOE Audit Committee has a more limited role, focused solely on CBOE. Under its charter, the primary functions of the CBOE Audit Committee are focused on (i) CBOE's financial statements and disclosure matters and (ii) CBOE's oversight and risk management, including compliance with legal and regulatory requirements, in each case, only to the extent required in connection with CBOE's discharge of its

obligations as a self-regulatory organization. However, to the extent that the CBOE Audit Committee reviews financial statements and disclosure matters, its activities are duplicative of the activities of the CBOE Holdings Audit Committee, which is also charged with review of financial statements and disclosure matters. Similarly, the CBOE Holdings Audit Committee has general responsibility for oversight and risk management, including compliance with legal and regulatory requirements, for CBOE Holdings and all of its subsidiaries, including CBOE. Thus, the responsibilities of the CBOE Audit Committee are fully duplicated by the responsibilities of the CBOE Holdings Audit Committee. Accordingly, CBOE is proposing to delete Section 4.3 of the CBOE Bylaws which provides for the CBOE Audit Committee and to delete a reference to the CBOE Audit Committee in Section 4.1(a) of the CBOE Bylaws (which lists the required CBOE Board committees).

Although the CBOE Holdings Audit Committee has and will continue to have overall responsibilities with respect to the internal audit function, the CBOE Board of Directors will still maintain its own independent oversight over the internal audit function with respect to CBOE regulatory functions through the CBOE Regulatory Oversight Committee. Specifically, upon elimination of the CBOE Audit Committee, the charter of the CBOE Regulatory Oversight Committee will be amended to provide that the Regulatory Oversight Committee will review all internal audits relating to CBOE's regulatory functions and that the Regulatory Oversight Committee will have the authority to review the internal audit plan with respect to CBOE's regulatory functions and to request at any time that CBOE's internal auditor conduct an audit relating to those functions. These changes are in addition to the current CBOE Regulatory Oversight Committee charter provision which provides that the Regulatory Oversight Committee shall meet regularly with CBOE's internal auditor regarding regulatory functions and are consistent with the Regulatory Oversight Committee's existing practice of reviewing internal audits of CBOE's regulatory functions.

CBOE believes that its proposal to eliminate its Audit Committee is substantially similar to prior actions by other securities exchanges with parent

company audit committees to eliminate their exchange-level audit committees.⁵

(d) Composition Requirements for Board of Directors and Executive Committee

CBOE proposes to amend its Bylaws to conform the composition requirements of its Board of Directors and Executive Committee to the composition requirements of the Board of Directors and Executive Committee of C2.

Section 3.1 of the CBOE Bylaws currently provides, in pertinent part, that in no event shall the number of Non-Industry Directors on the CBOE Board of Directors constitute less than a majority of the members of the Board. Consistent with Section 3.1 of the C2 Bylaws, CBOE proposes to change this provision to provide that in no event shall the number of Non-Industry Directors on the CBOE Board constitute less than the number of Industry Directors on the Board (excluding the Chief Executive Officer from the calculation of Industry Directors for such purpose).

Similarly, Section 4.2 of the CBOE Bylaws currently provides, in pertinent part, that at all times the majority of the directors serving on the CBOE Executive Committee must be Non-Industry Directors. Like with the proposed change to the composition requirements for the CBOE Board of Directors and consistent with Section 4.2 of the C2 Bylaws, CBOE proposes to change this provision to provide that in no event shall the number of Non-Industry Directors constitute less than the number of Industry Directors serving on the CBOE Executive Committee (excluding the Chief Executive Officer from the calculation of Industry Directors for such purpose).

Accordingly, following this proposed change to the CBOE Executive Committee composition requirements and the proposed elimination of the Vice Chairman, Section 4.2 of the CBOE Bylaws will require that the Executive Committee include the Chairman of the Board, the Chief Executive Officer (if a director), the Lead Director (if any), at least one Representative Director, and such other number of directors that the Board deems appropriate, provided that in no event shall the number of Non-Industry Directors constitute less than the number of Industry Directors serving on the Executive Committee (excluding the Chief Executive Officer from the

⁵ See, e.g., Exchange Act Release No. 60276 (July 9, 2009), 74 FR 34840 (July 17, 2009) (File No. NASDAQ-2009-042).

⁴ 17 CFR 240.10A-3.

calculation of Industry Directors for such purpose).⁶

CBOE believes that having the same composition requirements for CBOE Holdings' two affiliated securities exchange subsidiaries (CBOE and C2) will promote consistency and efficiency. CBOE and C2 currently have the same individuals serving on the CBOE and C2 Boards and the CBOE and C2 Executive Committees. This approach simplifies the process of scheduling and conducting meetings and allows the Boards and Executive Committees of both exchanges to operate most efficiently. To the extent that CBOE and C2 desire to continue this approach in the future, these proposed changes better enable CBOE and C2 to do so. Also, in addition to being consistent with C2's corollary composition requirements for its Board and Executive Committee, CBOE believes that the proposed CBOE Board and Executive Committee composition requirement changes are consistent with the composition requirements of the Board of Directors and Executive Committee of NASDAQ Stock Market LLC.⁷

(e) Miscellaneous Non-Substantive Bylaw and Rule Changes

In addition to the changes set forth above, the Exchange proposes to make the following non-substantive changes to its Bylaws and rules.

First, the Exchange proposes to amend the title of the Bylaws from "Amended and Restated Bylaws of Chicago Board Options Exchange, Incorporated" to "Second Amended and Restated Bylaws of Chicago Board Options Exchange, Incorporated" since the Exchange is making the Bylaw changes proposed by this rule filing

through as second amendment and restatement of its Bylaws.

Second, the Exchange is proposing to re-number various sections of the Bylaws to eliminate gaps in the numbering of the Bylaw sections resulting from the proposed deletion of certain of the Bylaw sections as described above.

Third, the Exchange proposes to make a clarifying change to Section 3.2 of the Bylaws to change a reference to the Industry-Director Subcommittee of the Nominating and Governance Committee from "committee" to "Subcommittee."

Fourth, the Exchange is proposing to make a clarifying change to CBOE Rule 2.1 in addition to the changes to Rule 2.1 discussed above to make clear that the term of an Exchange committee member's appointment continues until the first regular meeting of the Board of Directors of the next calendar year and until that committee member's successor is appointed or that committee member's earlier death, resignation, or removal. In other words, if the Board of Directors does not appoint a successor to the committee member at the first regular Board meeting of the year, the committee member would continue in office until a successor is appointed or the person's earlier death, resignation, or removal.

(f) Effectiveness of Changes

The Exchange proposes to make effective the proposed Bylaw and rule changes related to the elimination of the Vice Chairman of the Board that are described in subsection (a)(1) of Item 3 of this rule filing on the date of the annual election of CBOE directors in 2011 (which is anticipated to occur in May 2011). The Exchange proposes to make effective these changes at that time because the current term of the Vice Chairman expires on that date and this will permit the current Vice Chairman to serve out his current term of office.

The Exchange proposes to make effective all of the other changes proposed by this rule filing at the time that the Commission approves this rule filing. These changes include those relating to the elimination of the Trading Advisory Committee and the addition of an Advisory Board provision, to the elimination of the CBOE Audit Committee, and to the composition requirements for the Board of Directors and Executive Committee and they also include the miscellaneous non-substantive Bylaw changes (all of which are described in subsections (a)(2)–(a)(5) of Item 3 of this rule filing).

2. Statutory Basis

For the reasons set forth above, CBOE believes that this filing is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(1) of the Act⁹ and Section 6(b)(5) of the Act¹⁰ in particular, in that (i) it enables CBOE to be so organized as to have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its Trading Permit Holders and persons associated with its Trading Permit Holders, with the provisions of the Act, the rules and regulations thereunder, and the rules of CBOE and (ii) to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of, a free and open market and, in general, to protect investors and the public interest. Specifically, the proposed changes will streamline, make more efficient, and improve CBOE's governance structure (i) By eliminating the position of Vice Chairman of the Board which CBOE no longer believes is necessary; (ii) by eliminating the Trading Advisory Committee and adding a Bylaw provision that the Board of Directors may establish an Advisory Board, which CBOE views as a useful vehicle that the Board may utilize to receive input from the perspective of Trading Permit Holders and with respect to matters of interest to Trading Permit Holders; (iii) by eliminating the CBOE Audit Committee, which CBOE believes is duplicative of the CBOE Holdings Audit Committee and which change will allow CBOE directors to focus their attention on matters falling directly within the purview of the CBOE Board of Directors; and (iv) by conforming the composition requirements of the CBOE Board of Directors and CBOE Executive Committee to the corollary C2 composition requirements, which CBOE believes will promote consistency and efficiency and better enable CBOE and C2 to have the same Board compositions if desired.

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 that is not necessary or appropriate in furtherance of the purposes of the Act.

⁶ CBOE's Executive Committee generally does not make a decision unless there is a need for a CBOE Board-level decision between CBOE Board meetings due to the time sensitivity of the matter. In addition, in situations when the Executive Committee does make a decision between CBOE Board meetings, the CBOE Board is generally aware ahead of time of the potential that the Executive Committee may need to make the decision. The CBOE Board is fully informed of any decision made by the Executive Committee at its next meeting and can always decide to review that decision and take a different action. CBOE previously noted the foregoing to the Commission (*see* Footnote 87 of Exchange Act Release No. 62158 (May 24, 2010), 75 FR 30082 (May 28, 2010) (SR-CBOE-2008-88)) and it continues to be the case.

⁷ *See* Article I(l), Section 2(a) of Article III, and Section 5(a) of Article III of the By-Laws of the NASDAQ Stock Market LLC. *See also* Exchange Act Release No. 44280 (May 8, 2001), 66 FR 26892 (May 15, 2001) (SR-NASD-2001-06) (approving amendment to NASD By-Laws to allow for the treatment of staff Governors as "neutral" for purposes of Industry/Non-Industry balancing on the NASD Board of Governors).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(1).

¹⁰ 15 U.S.C. 78f(b)(5).

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

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-2011-010 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-2011-010. 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 Web site (<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 Web site 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 a.m. and 3 p.m. Copies of such filing also will 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-2011-010 and should be submitted on or before March 3, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Cathy H. Ahn,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63842; File No. SR-CBOE-2011-009]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Stock-Option Orders

February 4, 2011.

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 January 27, 2011, the Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. CBOE has submitted the proposed rule change under Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ which renders the proposal effective upon filing with the Commission. 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 is proposing to amend its complex order request for response ("RFR") auction ("COA") as it applies to stock-option orders to incorporate certain order eligibility parameters. The text of the proposed rule change is available on the Exchange's Web site (<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 Exchange 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.

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

1. Purpose

Prior to routing to the complex order book or once on PAR, eligible complex orders may be subjected to an automated COA process where orders are exposed for price improvement under Rule 6.53C(d), *Process for Complex Order RFR Auction*. Generally, if a market order cannot be filled in whole or in a permissible ratio at the conclusion of COA, then the order (or any remaining balance) will route to PAR for manual handling. However, the Exchange has the ability to vary this process for market stock-option orders that contain one or more option leg(s) under Rule 6.53C.06(d). Specifically, instead of routing to PAR for manual handling, the Exchange may determine on a class-by-class basis that any remaining balance of the option leg(s) of a market stock-option order will automatically route to CBOE's Hybrid System for processing as a simple market order(s) consistent with CBOE's order execution rules and any remaining balance of the stock leg will automatically route to the CBOE Stock Exchange ("CBSX"), CBOE's stock facility, for processing as a simple

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).