

OMB APPROVAL

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. SR - 2007 - 14
Amendment No. 1

Proposed Rule Change by Chicago Board Options Exchange
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial <input type="checkbox"/>	Amendment <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) <input type="checkbox"/>	Section 19(b)(3)(A) <input checked="" type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>			<input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)		

Description

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name Greg Last Name Hoogasian
Title Assistant Secretary
E-mail hoogasian@cboe.com
Telephone (312) 786-7031 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date 09/26/2007

By Greg Hoogasian

(Name)

Assistant Secretary

(Title)

NOTE: Clicking the button at right will digitally sign and lock
this form. A digital signature is as legally binding as a physical
signature, and once signed, this form cannot be changed.

Greg Hoogasian, hoogasian@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3).

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

☐

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of the Proposed Rule Change

The Chicago Board Options Exchange, Incorporated ("CBOE" or the "Exchange") proposes to amend its membership rules as applied to statutory disqualification hearings. Set forth below are the proposed changes to the rule text with additions underlined and deletions [bracketed].

Chicago Board Options Exchange, Incorporated

Rules

* * * * *

Rule 3.18. Members and Associated Persons Who Are or Become Subject to a Statutory Disqualification

No Change.

. . . Interpretations and Policies:

.01 The Exchange may waive the provisions of this Rule when a proceeding is pending before another self-regulatory organization to determine whether to permit a member or [an] associated person of a member to continue in membership or association with the member notwithstanding a statutory disqualification. In the event the Exchange determines to waive the provisions of this Rule with respect to a member or [an] associated person, the Department of Financial and Sales Practice Compliance shall determine whether the Exchange will concur in any Exchange Act Rule 19h-1 filing made by another self-regulatory organization with respect to the associated person.

.02 If an associated person of a member is or becomes subject to a statutory disqualification under the Exchange Act, the member shall immediately provide written notice to the Membership Department of the name of the associated person, the person's capacity with the member, and the nature of the statutory disqualification.

.03 In those instances where Exchange Act Rule 19h-1(a)(2) does not require the Exchange to make a notice filing with the Commission to permit an associated person to continue in association with a member, and where the Exchange intends to grant the associated person's application for continued association, the Exchange may waive the hearing provisions of Rule 3.18(c) with respect to that associated person.

* * * * *

Item 2. Procedures of the Self-Regulatory Organization

(a) The proposed rule change was approved by the Exchange's Office of the Chairman pursuant to delegated authority on February 12, 2007. No further action is required.

(b) Questions and comments on the proposed rule change may be referred to Joanne Moffic-Silver, General Counsel, CBOE, 400 South LaSalle Street, Chicago, Illinois 60605; Telephone: (312) 786-7462; Fax: (312) 786-7919 or Greg Hoogasian, Senior Attorney, at (312) 786-7031.

Item 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

In accordance with Rule 3.18(a), the Exchange may determine not to permit an associated person of a member who is or becomes subject to a statutory disqualification under Exchange Act Section 3(a)(39)¹ to continue in association with that member. Under CBOE Rule 3.18(b), an associated person who is or becomes subject to a statutory disqualification and wishes to continue in association with a member must submit an application to the Exchange to do so. When the Exchange receives such an application, or otherwise becomes aware that the associated person is subject to a statutory disqualification, the Exchange's Membership Committee is required to conduct a hearing, under procedures set forth in Rules 3.18(c) through 3.18(i), to determine whether to allow the associated person to continue in association with that member. The purpose of this rule filing is to allow the Exchange's Membership Committee to waive the requirement to conduct the hearing if Exchange Act Rule 19h-1(a)(2) does not require the Exchange to make a filing

¹ 15 U.S.C. 78c(a)(39).

with the Commission on behalf of that associated person, and if the Exchange intends to grant the associated person's application for continued association.

In many instances, CBOE members conduct both securities activities at the Exchange as registered brokers or dealers, and futures activities at a commodities exchange as registered [futures commission merchants] with the Commodities Futures Trading Commission ("CFTC"). Typically, these member firms have employees who are only involved in the futures side of the member's business. However, because the member must be registered with the Commission as a broker-dealer to conduct its securities activities, under the Exchange Act the member's employees, including those involved only in futures and other non-securities-related activities, may also be considered persons associated with a broker-dealer under Exchange Act Section 3(a)(18).² Even though, as discussed below, Rule 19h-1(a)(2) would not require a notice filing with the Commission on behalf of many of these persons, current CBOE rules require the Exchange to hold a hearing for each such associated person who becomes subject to a statutory disqualification, even if their activities are not securities-related. These hearings are time consuming, both for CBOE staff and for member firms that comprise the Membership Committee.

Exchange Act Rule 19h-1 prescribes the form and content of, and establishes the mechanism by which the Commission reviews, proposals submitted by self-regulatory organizations ("SROs"), such as the Exchange, to allow persons subject to statutory disqualification to become or remain associated with member firms. Among other things, Rule 19h-1 provides for Commission review of notices filed by SROs proposing to admit to, or continue any person in, membership or association with a member, notwithstanding a

² 15 U.S.C. 78c(1)(18). These employees may also be considered to be associated with a member under Exchange Act Section 3(a)(21).

statutory disqualification. However, in several instances, Rule 19h-1 provides that for certain persons, no such notice need be filed. In particular, Rule 19h-1(a)(2)³ provides that no notice filing is required for associated persons who, among other things, are not control persons, partners, officers, or employees engaged in securities-related activities.

In proposing this rule change, the Exchange notes that the CFTC administers and enforces a statutory disqualification scheme under the Commodity Exchange Act⁴ in connection with employees of members involved in futures activities that is similar to the statutory disqualification scheme under the Exchange Act. The Exchange believes that this proposed rule change would better enable the Exchange to focus resources on applications for continuance involving associated persons who are engaged in securities-related activities and who are required by Exchange Act Rule 19h-1 to have filings with the Commission made on their behalf.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Exchange Act Section 6(b)(5),⁵ which requires, among other things, that the Exchange's rules be designed to remove impediments to and perfect the mechanism of a free and open market and a

³ Exchange Act Rule 19h-1(a)(2) provides that, with respect to a person subject to a statutory disqualification and who is associated with a member of a national securities exchange or registered securities association, notices need to be filed with the Commission pursuant to Exchange Act Rule 19h-1 only if such person:

(i) Controls such member, is a general partner or officer (or person occupying a similar status or performing similar functions) of such member, is an employee who, on behalf of such member, is engaged in securities advertising, public relations, research, sales, trading, or training or supervision of other employees who engage or propose to engage in such activities, except clerical and ministerial persons engaged in such activities, or is an employee with access to funds, securities or books and records, or

(ii) Is a broker or dealer not registered with the Commission, or controls such (unregistered) broker or dealer or is a general partner or officer (or person occupying a similar status or performing similar functions) of such broker or dealer.

⁴ 7 U.S.C. § 1 et seq.

⁵ 15 U.S.C. 78f(b)(5).

national market system, and protect investors and the public interest. The Exchange believes that, by permitting it to waive the hearing requirement for persons whose applications it intends to approve, and for whom no notice filing is required under Rule 19h-1(a)(2), the proposed rule change will better enable the Exchange to streamline the administration of its statutory disqualification program and better protect investors and the public interest by focusing its resources on other membership-related matters including continuance applications for associated persons that also require filings with the Commission.

Item 4. Self-Regulatory Organization's Statement on Burden on Competition

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

Item 5. 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.

Item 6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period specified in Section 19(b)(2) of the Act⁶ for Commission consideration of the proposed rule change.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

(a) The proposed rule change has taken effect upon filing pursuant to Section 19(b)(3)(A) of the Act.⁷

(b) The Exchange asserts that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on

⁶ 15 U.S.C. 78s(b)(2).

⁷ 15 U.S.C. 78s(b)(3)(A).

competition, and (iii) will not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. The Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a description and text of the proposed rule change.⁸ For the foregoing reasons, this rule filing qualifies for expedited effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 of the Act.

The Exchange respectfully requests that the Commission waive the 30 day period for this filing to become operative so that it may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A)⁹ of the Act and subparagraph (f)(6) of Rule 19b-4 thereunder. Permitting the Exchange to immediately waive the hearing requirement for persons whose applications it intends to approve and for whom no notice filing is required under Rule 19h-1(a)(2), will allow the Exchange to streamline the administration of its statutory disqualification program and focus its resources on other pressing membership-related matters including continuance applications for associated persons that require filings with the Commission. For these reasons, the Exchange believes that waiver of the 30 day operative delay is reasonable and appropriate and consistent with the protection of investors and the public interest.

Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or the Commission

Not applicable.

Item 9. Exhibits

Exhibit 1. Form of Notice of Proposed Rule Change for publication in the Federal Register.

⁸ 17 C.F.R. 240.19b-4(f)(6).

⁹ 15 U.S.C. 78s(b)(3)(A).

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-CBOE-2007-14)

[Date]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of Proposed Rule Change To Amend CBOE's Membership Rules As Applied to Statutory Disqualification Hearings.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 ("Exchange Act" or "Act"),² and Rule 19b-4 thereunder,³ notice is hereby given that on February 14, 2007, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change 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 CBOE Rule 3.18 of its membership rules, titled Members and Associated Persons Who Are or Become Subject to a Statutory Disqualification, to modify the requirement that the Exchange hold a hearing to determine whether an associated person subject to a statutory disqualification under the Exchange Act may continue in association with an Exchange member. In particular, the Exchange proposes to allow its Membership Committee to waive the hearing provisions of Rule 3.18(c) when determining whether to allow such persons to continue in association with an

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78f(b) et seq.

³ 17 CFR 240.19b-4.

Exchange member in those instances where Exchange Act Rule 19h-1(a)(2)⁴ does not require the Exchange to make a filing with the Commission on behalf of that person and where the Exchange intends to grant the associated person's application for continued association. The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and at www.cboe.org/Legal.

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 and is set forth in sections (A), (B), and (C) below.

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

1. Purpose

In accordance with Rule 3.18(a), the Exchange may determine not to permit an associated person of a member who is or becomes subject to a statutory disqualification under Exchange Act Section 3(a)(39)⁵ to continue in association with that member. Under CBOE Rule 3.18(b), an associated person who is or becomes subject to a statutory disqualification and wishes to continue in association with a member must submit an application to the Exchange to do so. When the Exchange receives such an application, or otherwise becomes aware that the associated person is subject to a statutory disqualification, the Exchange's Membership Committee is required to conduct a hearing,

⁴ 17 CFR 240.19h-1(a)(2).

⁵ 15 U.S.C. 78c(a)(39).

under procedures set forth in Rules 3.18(c) through 3.18(i), to determine whether to allow the associated person to continue in association with that member. The purpose of this rule filing is to allow the Exchange's Membership Committee to waive the requirement to conduct the hearing if Exchange Act Rule 19h-1(a)(2) does not require the Exchange to make a filing with the Commission on behalf of that associated person, and if the Exchange intends to grant the associated person's application for continued association.

In many instances, CBOE members conduct both securities activities at the Exchange as registered brokers or dealers, and futures activities at a commodities exchange as registered [futures commission merchants] with the Commodities Futures Trading Commission ("CFTC"). Typically, these member firms have employees who are only involved in the futures side of the member's business. However, because the member must be registered with the Commission as a broker-dealer to conduct its securities activities, under the Exchange Act the member's employees, including those involved only in futures and other non-securities-related activities, may also be considered persons associated with a broker-dealer under Exchange Act Section 3(a)(18).⁶ Even though, as discussed below, Rule 19h-1(a)(2) would not require a notice filing with the Commission on behalf of many of these persons, current CBOE rules require the Exchange to hold a hearing for each such associated person who becomes subject to a statutory disqualification, even if their activities are not securities-related. These hearings are time consuming, both for CBOE staff and for member firms that comprise the Membership Committee.

⁶ 15 U.S.C. 78c(1)(18). These employees may also be considered to be associated with a member under Exchange Act Section 3(a)(21).

Exchange Act Rule 19h-1 prescribes the form and content of, and establishes the mechanism by which the Commission reviews, proposals submitted by self-regulatory organizations (“SROs”), such as the Exchange, to allow persons subject to statutory disqualification to become or remain associated with member firms. Among other things, Rule 19h-1 provides for Commission review of notices filed by SROs proposing to admit to, or continue any person in, membership or association with a member, notwithstanding a statutory disqualification. However, in several instances, Rule 19h-1 provides that for certain persons, no such notice need be filed. In particular, Rule 19h-1(a)(2)⁷ provides that no notice filing is required for associated persons who, among other things, are not control persons, partners, officers, or employees engaged in securities-related activities.

In proposing this rule change, the Exchange notes that the CFTC administers and enforces a statutory disqualification scheme under the Commodity Exchange Act⁸ in connection with employees of members involved in futures activities that is similar to the statutory disqualification scheme under the Exchange Act. The Exchange believes that this proposed rule change would better enable the Exchange to focus resources on applications for continuance involving associated persons who are engaged in securities-

⁷ Exchange Act Rule 19h-1(a)(2) provides that, with respect to a person subject to a statutory disqualification and who is associated with a member of a national securities exchange or registered securities association, notices need to be filed with the Commission pursuant to Exchange Act Rule 19h-1 only if such person:

(i) Controls such member, is a general partner or officer (or person occupying a similar status or performing similar functions) of such member, is an employee who, on behalf of such member, is engaged in securities advertising, public relations, research, sales, trading, or training or supervision of other employees who engage or propose to engage in such activities, except clerical and ministerial persons engaged in such activities, or is an employee with access to funds, securities or books and records, or

(ii) Is a broker or dealer not registered with the Commission, or controls such (unregistered) broker or dealer or is a general partner or officer (or person occupying a similar status or performing similar functions) of such broker or dealer.

⁸ 7 U.S.C. § 1 et seq.

related activities and who are required by Exchange Act Rule 19h-1 to have filings with the Commission made on their behalf.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Exchange Act Section 6(b)(5),⁹ which requires, among other things, that the Exchange's rules be designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest. The Exchange believes that, by permitting it to waive the hearing requirement for persons whose applications it intends to approve, and for whom no notice filing is required under Rule 19h-1(a)(2), the proposed rule change will better enable the Exchange to streamline the administration of its statutory disqualification program and better protect investors and the public interest by focusing its resources on other membership-related matters including continuance applications for associated persons that also require filings with the Commission.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

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

⁹ 15 U.S.C. 78f(b)(5).

Because the foregoing rule does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change or such shorter time as designated by the Commission, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹ At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate 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.

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

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2007-14 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-CBOE-2007-14. 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 inspection and copying in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of the CBOE. 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-CBOE-2007-14 and should be submitted on or before [insert date 21 days from publication in the *Federal Register*].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Florence E. Harmon
Deputy Secretary

Action as set forth or recommended herein
APPROVED pursuant to authority delegated by
the Commission under Public Law 87-592.

For the Division of Market Regulation

by: _____

(DATE)

¹² 17 CFR 200.30-3(a)(12).