

OMB APPROVAL

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

File No. SR - 2007 - 15

Amendment No.

Proposed Rule Change by Chicago Board Options Exchange

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

Filing Sent As Paper Document
☐Filing Sent As Paper Document
☐**Description**

Provide a brief description of the proposed rule change (limit 250 characters).

This filing proposes to amend CBOE's membership application procedures to incorporate those individuals who are acting in an exchange trading floor capacity.

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 Last Name
Title
E-mail
Telephone 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.

Date By

(Name)

(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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS 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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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 Sent As Paper Document

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Exhibit 3 - Form, Report, or Questionnaire

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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 Sent As Paper Document

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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 application procedures to incorporate those individuals who are acting in an Exchange trading floor capacity. Set forth below are the proposed changes to the rule text with additions underlined and deletions [bracketed].

Chicago Board Options Exchange, Incorporated
Rules

* * * * *

Rule 3.9. Application Procedures and Approval or Disapproval

(a) – (f) No Change.

(g) Any person applying pursuant to paragraph (a) of this Rule to have an authorized trading function is required to have completed the Exchange's Member Orientation Program and to have passed an Exchange Trading Member Qualification Exam. Additionally, any person who has completed the Member Orientation Program and taken and passed the applicable Trading Member Qualification Exam and who then does not possess an authorized trading function or Exchange trading floor capacity for more than 1 year is required to complete the Member Orientation Program and to re-pass the applicable Trading Member Qualification Exam in order to once again become eligible to have an authorized trading function. A person must score 75% or better on the applicable Trading Member Qualification Exam in order to pass the Exam. Any person who fails the applicable Trading Member Qualification Exam must wait 30 days to re-take the Exam after failing the Exam for the first time, must wait 60 days to re-take the Exam after failing the Exam for the second time, and must wait 120 days to re-take the Exam after failing the Exam for a third or subsequent time. The Exchange may not waive any of the requirements set forth in this paragraph (g).

(h) - (l) No Change.

. . . Interpretations and Policies:

.01 No Change.

.02 No Change.

.03 For purposes of this rule, “Exchange trading floor capacity” means any person who is acting on behalf of the Exchange in an Exchange trading floor capacity, such as a PAR Official, Order Book Official, or other similar function.

* * * * *

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, Attorney II, at (312) 786-7031.

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

(a) Purpose

Exchange Rule 3.9 titled “Application Procedures and Approval or Disapproval” outlines, among other things, the application procedures for an individual who desires to become a member of the Exchange. Paragraph (g) of Exchange Rule 3.9 currently requires any person applying to the Exchange is required to (i) have completed the Exchange’s Member Orientation Program (“Orientation Program”) and (ii) passed an Exchange Trading Member Qualification Exam (“Qualification Exam”). However, any person who has completed the Orientation Program and taken and passed the Qualification Exam and who then does not possess an authorized trading function for more than 1 year is required to again complete the Orientation Program and re-pass the Qualification Exam. This filing proposes

to amend these requirements to reflect certain changes on the Exchange regarding those individuals who act on behalf of the Exchange in an Exchange trading floor capacity (such as a “PAR Official”, “Order Book Official”, or similar function).

On November 18, 2005, the Securities and Exchange Commission approved SR-CBOE-2005-46,¹ which filing created a new category of market participant called “PAR Officials.” The PAR Official was established in response to the elimination of CBOE’s rules as applied to Designated Primary Market-Makers (DPMs”) executing orders as agents or Floor Brokers in their allocated option classes. Instead, the PAR Official is responsible for operating the PAR workstation trading stations, including handling and executing orders that are routed to the PAR workstation.

Specifically, the PAR Official is an Exchange employee or independent contractor designated by the Exchange to be responsible for (i) operating the PAR workstation; (ii) when applicable, maintaining the customer limit order book for the assigned option classes;² and (iii) effecting proper executions of orders placed with him or her.

In addition to PAR Officials, the Exchange also employs “Order Book Officials” (“OBOs”) whose responsibilities include, among other things, (i) maintaining the book with respect to the classes of options assigned to him/her, (ii) effecting proper executions of orders placed with him/her, (iii) displaying bids and offers, and (iv) monitoring the market for the classes of options assigned to him/her.

The Exchange has employed former members, a number of who previously acted in the capacity of a DPM before the initiation of the PAR Official, to act on behalf of the Exchange in a trading floor capacity. Since a number of these PAR Officials and OBOs have

¹ Securities Exchange Act Release No. 52798 (November 18, 2005), 70 FR 71344 (November 28, 2005).

² This provision will not apply to option classes that are on the CBOE’s Hybrid System.

then gone on to become members of the Exchange after working for the Exchange in a trading floor capacity for longer than 1 year, these individuals had to again complete the Orientation Program and re-pass the Qualification Exam under CBOE Rule 3.9, since they had not possessed an authorized trading function for longer than 1 year.

These individuals, who were acting in an Exchange trading floor capacity, were ultimately acting in the same capacity as they had when they were operating in a DPM capacity prior to the initiation of the PAR Official trading floor capacity. Therefore, the Exchange feels that it is appropriate to amend its procedures to allow for the 1 year period under CBOE Rule 3.9(g) to be applied to not only an individual who has possessed an authorized trading function but also to an individual who has acted in an Exchange trading floor capacity, since both functions are similar.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”)³ in general and furthers the objectives of Section 6(b)(5) of the Act⁴ in particular in that it should promote just and equitable principles of trade, serve 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.

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

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

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 Act⁵ 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)

Not applicable.

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.

⁵ 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-CBOE-2007-15)

Self-Regulatory Organizations; Notice of Filing of a Proposed Rule Change to Amend CBOE's Membership Application Procedures to Incorporate those Individuals Who are Acting in an Exchange Trading Floor Capacity.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on _____, 2006, the Chicago Board Options Exchange, Incorporated filed with the Securities and Exchange Commission the proposed rule change as 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 Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to amend its membership application procedures to incorporate those individuals who are acting in an Exchange trading floor capacity. The text of the proposed rule change is available on the Exchange's website (<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 self-regulatory organization 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

(a) Purpose

Exchange Rule 3.9 titled “Application Procedures and Approval or Disapproval” outlines, among other things, the application procedures for an individual who desires to become a member of the Exchange. Paragraph (g) of Exchange Rule 3.9 currently requires any person applying to the Exchange is required to (i) have completed the Exchange’s Member Orientation Program (“Orientation Program”) and (ii) passed an Exchange Trading Member Qualification Exam (“Qualification Exam”). However, any person who has completed the Orientation Program and taken and passed the Qualification Exam and who then does not possess an authorized trading function for more than 1 year is required to again complete the Orientation Program and re-pass the Qualification Exam. This filing proposes to amend these requirements to reflect certain changes on the Exchange regarding those individuals who act on behalf of the Exchange in an Exchange trading floor capacity (such as a “PAR Official”, “Order Book Official”, or similar function).

On November 18, 2005, the Securities and Exchange Commission approved SR-CBOE-2005-46,¹ which filing created a new category of market participant called “PAR Officials.” The PAR Official was established in response to the elimination of CBOE’s rules as applied to Designated Primary Market-Makers (DPMs”) executing orders as agents or Floor Brokers in their allocated option classes. Instead, the PAR Official is

¹ Securities Exchange Act Release No. 52798 (November 18, 2005), 70 FR 71344 (November 28, 2005).

responsible for operating the PAR workstation trading stations, including handling and executing orders that are routed to the PAR workstation.

Specifically, the PAR Official is an Exchange employee or independent contractor designated by the Exchange to be responsible for (i) operating the PAR workstation; (ii) when applicable, maintaining the customer limit order book for the assigned option classes;² and (iii) effecting proper executions of orders placed with him or her.

In addition to PAR Officials, the Exchange also employs “Order Book Officials” (“OBOs”) whose responsibilities include, among other things, (i) maintaining the book with respect to the classes of options assigned to him/her, (ii) effecting proper executions of orders placed with him/her, (iii) displaying bids and offers, and (iv) monitoring the market for the classes of options assigned to him/her.

The Exchange has employed former members, a number of who previously acted in the capacity of a DPM before the initiation of the PAR Official, to act on behalf of the Exchange in a trading floor capacity. Since a number of these PAR Officials and OBOs have then gone on to become members of the Exchange after working for the Exchange in a trading floor capacity for longer than 1 year, these individuals had to again complete the Orientation Program and re-pass the Qualification Exam under CBOE Rule 3.9, since they had not possessed an authorized trading function for longer than 1 year.

These individuals, who were acting in an Exchange trading floor capacity, were ultimately acting in the same capacity as they had when they were operating in a DPM capacity prior to the initiation of the PAR Official trading floor capacity. Therefore, the

² This provision will not apply to option classes that are on the CBOE’s Hybrid System.

Exchange feels that it is appropriate to amend its procedures to allow for the 1 year period under CBOE Rule 3.9(g) to be applied to not only an individual who has possessed an authorized trading function but also to an individual who has acted in an Exchange trading floor capacity, since both functions are similar.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”)³ in general and furthers the objectives of Section 6(b)(5) of the Act⁴ in particular in that it should promote just and equitable principles of trade, serve 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.

(B) 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.

(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 35 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:

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

(A) By order approve 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-2007-15 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-2007-15. 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. 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-2007-15 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.⁵

Nancy M. Morris
Secretary

Dated: _____

⁵ 17 CFR 200.30-3(a)(12).