

OMB APPROVAL

OMB Number: 3235-0045
Expires: June 30, 2007
Estimated average burden
hours per response.....38

Page 1 of 12

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

File No. SR - 2007 - 57
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 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 checked="" 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)		

Exhibit 1 Sent As Paper Document



Exhibit 2 Sent As Paper Document

**Description**

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

This filing proposes to adopt an interpretation to CBOE Rule 8.95 clarifying that in the event an existing DPM organization is authorized to act as an Off-Floor DPM in one or more option classes, then this will be considered a reallocation of securities pursuant to Rule 8.95.

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,

I,

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

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 EFFS website.

Form 19b-4 Information

[Add](#) [Remove](#) [View](#)

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

[Add](#) [Remove](#) [View](#)

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

[Add](#) [Remove](#) [View](#)

Exhibit Sent As Paper Document

☐

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

[Add](#) [Remove](#) [View](#)

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

[Add](#) [Remove](#) [View](#)

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

[Add](#) [Remove](#) [View](#)

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

[Add](#) [Remove](#) [View](#)

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 (the “Exchange” or “CBOE”) proposes to adopt an interpretation to CBOE Rule 8.95 clarifying that in the event an existing Designated Primary Market-Maker (“DPM”) organization is authorized to act as an Off-Floor DPM in one or more option classes, then this will be considered a reallocation of securities pursuant to Rule 8.95. Set forth below are proposed changes to the rule text, with additions represented by underscoring and deletions represented by [bracketing].

Chicago Board Options Exchange, Incorporated
Rules

* * * * *

Rule 8.95 – Allocation of Securities and Location of Trading Crowds and DPMs

No Change.

Interpretation and Policies

.01 - .05 No Change.

.06 In the event an existing DPM is authorized to act as an Off-Floor DPM in one or more option classes, this will be considered a reallocation of securities pursuant to this rule.

* * * * *

Item 2. Procedures of the Self-Regulatory Organization

(a) The CBOE’s Office of the Chairman pursuant to delegated authority approved the proposed rule change on May 30, 2007. No further action is required.

(b) Please refer questions and comments on the proposed rule change to Joanne Moffic-Silver, General Counsel, CBOE, 400 South LaSalle, Chicago, IL 60605, (312) 786-7462 or Gregory 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

The Exchange proposes to adopt an interpretation to CBOE Rule 8.95 clarifying that in the event an existing DPM organization is authorized to act as an Off-Floor DPM in one or more option classes, then this will be considered a reallocation of securities pursuant to Rule 8.95. In adopting this interpretation, the appropriate Exchange committee will retain jurisdiction for the first 12 months following the reallocation of securities, to review the Off-Floor DPM's market performance commitments that were made in connection with the appropriate Exchange committee's authorization to permit the DPM organization to act as an Off-Floor DPM.

Pursuant to CBOE Rule 8.83(g), an On-Floor DPM can request that the appropriate Exchange Committee authorize it to operate as an Off-Floor DPM in one or more equity option classes traded on the Hybrid Trading System.¹ If an On-Floor DPM is approved to act as an Off-Floor DPM, then we are proposing to adopt an interpretation to CBOE's existing Rule 8.95 clarifying that the option classes in which an On Floor DPM is authorized to act as an Off-Floor DPM are considered a reallocation of securities.

Consistent with the way Rule 8.95(c) is currently applied to allocations and reallocations of securities, the appropriate Exchange committee will then have the flexibility during the first 12 months following the reallocation of securities to the Off-Floor DPM to conduct a review at any time during that first twelve months to ensure that the Off-Floor DPM is adhering to any market performance commitments made by the DPM organization in connection with being authorized to act as an Off-Floor DPM. If the Off-Floor DPM is not

¹ See Securities Exchange Act Release No. 34-55531 (March 26, 2007) 72 FR 15736 (April 2, 2007) (Order approving SR-CBOE-2006-94).

adhering to the market performance commitments that it made in connection with being authorized to act as an Off-Floor DPM, then the appropriate Exchange committee may remove the allocated security from the Off-Floor DPM and reallocate the security pursuant to CBOE Rule 8.95(c). This in turn gives Off-Floor DPMs incentive to abide by these commitments.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”)² and the rules and regulations under the Act applicable to national securities exchanges and, in particular, the requirements of Section 6(b) of the Act.³ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁴ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

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

The CBOE does not believe that the proposed rule change will impose any burden on competition 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

The Exchange neither solicited nor received comments on the proposal.

² 15 U.S.C. 78s(b)(1).

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

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)

CBOE designates the proposed rule change for summary effectiveness pursuant to Section 19(b)(3)(A)(i) of the Act⁶ and Rule 19b-4(f)(1) thereunder⁷ in that it constitutes an interpretation with respect to the meaning, administration, or enforcement of an existing rule.

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

Not applicable.

Item 9. Exhibits

Exhibit 1. Notice of proposed rule change for publication in the Federal Register.

⁵ 15 U.S.C. 78s(b)(2).

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(f)(1).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-CBOE-2007-57)

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt an Interpretation to CBOE Rule 8.95 Clarifying that in the Event an Existing DPM Organization is Authorized to Act as an Off-Floor DPM In One or More Option Classes, Then This will be Considered a Reallocation of Securities Pursuant to CBOE Rule 8.95.

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 _____, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CBOE. The Exchange has designated this proposal as one constituting a stated interpretation with respect to the meaning, administration, or enforcement of an existing rule under Section 19(b)(3)(A)(i) of the Act, and Rule 19b-4(f)(1) thereunder, 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

CBOE proposes to adopt an interpretation to CBOE Rule 8.95 clarifying that in the event an existing Designated Primary Market-Maker ("DPM") organization is authorized to act as an Off-Floor DPM in one or more option classes, then this will be considered a reallocation of securities pursuant to Rule 8.95. The text of the proposed rule change is

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

available on CBOE's website (www.cboe.com/Legal), at the CBOE's Office of the Secretary, 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, 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 these 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 Statutory Basis for, the Proposed Rule Change

(a) Purpose

The Exchange proposes to adopt an interpretation to CBOE Rule 8.95 clarifying that in the event an existing DPM organization is authorized to act as an Off-Floor DPM in one or more option classes, then this will be considered a reallocation of securities pursuant to Rule 8.95. In adopting this interpretation, the appropriate Exchange committee will retain jurisdiction for the first 12 months following the reallocation of securities, to review the Off-Floor DPM's market performance commitments that were made in connection with the appropriate Exchange committee's authorization to permit the DPM organization to act as an Off-Floor DPM.

Pursuant to CBOE Rule 8.83(g), an On-Floor DPM can request that the appropriate Exchange Committee authorize it to operate as an Off-Floor DPM in one or more equity option classes traded on the Hybrid Trading System.³ If an On-Floor DPM is approved to act

³ See Securities Exchange Act Release No. 34-55531 (March 26, 2007) 72 FR 15736 (April 2, 2007) (Order approving SR-CBOE-2006-94).

as an Off-Floor DPM, then we are proposing to adopt an interpretation to CBOE's existing Rule 8.95 clarifying that the option classes in which an On Floor DPM is authorized to act as an Off-Floor DPM are considered a reallocation of securities.

Consistent with the way Rule 8.95(c) is currently applied to allocations and reallocations of securities, the appropriate Exchange committee will then have the flexibility during the first 12 months following the reallocation of securities to the Off-Floor DPM to conduct a review at any time during that first twelve months to ensure that the Off-Floor DPM is adhering to any market performance commitments made by the DPM organization in connection with being authorized to act as an Off-Floor DPM. If the Off-Floor DPM is not adhering to the market performance commitments that it made in connection with being authorized to act as an Off-Floor DPM, then the appropriate Exchange committee may remove the allocated security from the Off-Floor DPM and reallocate the security pursuant to CBOE Rule 8.95(c). This in turn gives Off-Floor DPMs incentive to abide by these commitments.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act")⁴ and the rules and regulations under the Act applicable to national securities exchanges and, in particular, the requirements of Section 6(b) of the Act.⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to

⁴ 15 U.S.C. 78s(b)(1).

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

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 not necessary or appropriate in furtherance of the purposes of the Exchange Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither received nor solicited written comments on the proposal.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing proposed rule change will take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)(i) of the Act⁷ and Rule 19b-4(f)(1) thereunder,⁸ because it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. At any time within 60 days of the filing of the 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:

⁷ 15 U.S.C. 78s(b)(3)(A)(i).

⁸ 17 CFR 240.19b-4(f)(1).

- 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-2007-57 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-2007-57. 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 20549-9303. 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-2007-57 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.⁹

Nancy M. Morris
Secretary

Dated: _____

⁹ 17 CFR 200.30-3(a)(12).