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

File No. SR - 2007 - 82
Amendment No. 1

Proposed Rule Change by Chicago Board Options Exchange

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

Initial	Amendment	Withdrawal	Section 19(b)(2)	Section 19(b)(3)(A)	Section 19(b)(3)(B)
☐	☑	☐	☑	☐	☐

Pilot ☐

Extension of Time Period for Commission Action ☐

Date Expires

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 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: Jennifer
Last Name: Klebes
Title: Senior Attorney
E-mail: klebes@cboe.com
Telephone: (312) 786-7466
Fax: (312) 786-7919

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: 09/19/2007

By: Jennifer L. Klebes (Name)

Senior Attorney / 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.

Jenny Klebes, klebes@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 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 Proposed Rule Change

(a) Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to amend Rule 24.9(a)(2), Terms of Index Option Contracts, to allow the Exchange to list up to seven expiration months for broad-based security index options upon which the Exchange calculates a constant three-month volatility index. The Exchange also proposes to remove outdated rule text from Rule 24.9(a)(2). Set forth below are proposed changes to the rule text, with additions represented by underscoring and deletions represented by [bracketing].

(b) Inapplicable

(c) Inapplicable

Chicago Board Options Exchange, Incorporated
Rules

* * * * *

Rule 24.9—Terms of Index Option Contracts

RULE 24.9. (a)(1) No change.

(2) *Expiration Months.* Index option contracts may expire at three-month intervals or in consecutive months. The Exchange may list up to six expiration months at any one time, but will not list index options that expire more than twelve months out. Notwithstanding the preceding restriction, [until the expiration in November 2004,] the Exchange may list up to seven expiration months at any one time for [the SPX, MNX and DJX] any broad-based security index option contracts [, provided one of those expiration months is November 2004] (e.g., DJX, NDX, RUT and SPX) upon which the Exchange calculates a constant three-month volatility index.

Short Term Option Series Pilot Program. Notwithstanding the preceding restriction, after an index option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire on the next Friday that is a business day ("Short Term Option Expiration Date"). If the Exchange is not open for business on a Friday, the Short Term Option Opening Date will be the first business day immediately prior to that Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday.

The Exchange may continue to list Short Term Option Series until the Short Term Option Series Pilot Program expires on July 12, 2008.

Regarding Short Term Option Series, the Exchange may select up to five currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the five-option class restriction, the Exchange also may list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar Pilot Program under their respective rules. For each index option class eligible for participation in the Short Term Option Series Pilot Program, the Exchange may open up to seven Short Term Option Series on index options for each expiration date in that class. The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the calculated value of the underlying index at about the time that the Short Term Option Series are initially opened for trading on the Exchange (*e.g.*, if seven series are initially opened, there will be at least three strike prices above and three strike prices below the value of the underlying security or calculated index value). If the Exchange has opened less than seven Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the current value of the underlying index moves substantially from the exercise price or prices of the series already opened. No Short Term Option Series on an index option class may expire in the same week during which any monthly option series on the same index class expire or, in the case of Quarterly Options Series or QIXs, on an expiration that coincides with an expiration of Quarterly Options Series or QIXs on the same index class.

Quarterly Options Series Pilot Program. Notwithstanding the preceding restriction, through a pilot program, the Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series"). The Exchange may list Quarterly Options Series for up to five (5) currently listed options classes that are either index options or options on ETFs. In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar pilot program under their respective rules. The pilot program will expire on July 10, 2008.

The Exchange may list series that expire at the end of the next consecutive four (4) calendar quarters, as well as the fourth quarter of the next calendar year. For example, if the Exchange is trading Quarterly Options Series in the month of May 2006, it may list series that expire at the end of the second, third, and fourth quarters of 2006, as well as the first and fourth quarters of 2007. Following the second quarter 2006 expiration, the Exchange could add series that expire at the end of the second quarter of 2007.

Quarterly Options Series shall be P.M. settled.

The strike price of each Quarterly Options Series will be fixed at a price per share, with at least two, but no more than five, strike prices above and at least two, but no more than five, strike prices below the value of the underlying index at about the time that a Quarterly Options Series is opened for trading on the Exchange. The Exchange shall list strike prices for Quarterly Options Series that are reasonably related to the current index value of the underlying index to which such series relates at about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current index value of the underlying index" means that the exercise price is within thirty percent (30%) of the current index value.

The Exchange may open for trading additional Quarterly Options Series of the same class when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the initial exercise price or prices. The Exchange may also open for trading additional Quarterly Options Series that are more than thirty percent (30%) of the current index value, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision.

The Exchange may open additional strike prices of a Quarterly Options Series that are above the value of the underlying index provided that the total number of strike prices above the value of the underlying index is no greater than five. The Exchange may open additional strike prices of a Quarterly Options Series that are below the value of the underlying index provided that the total number of strike prices below the value of the underlying index is no greater than five. The opening of any new Quarterly Options Series shall not affect the series of options of the same class previously opened.

(3) – (5) No change.

...Interpretations and Policies No change.

* * * * *

Item 2. Procedures of the Self-Regulatory Organization

(a) CBOE's Office of the Chairman, pursuant to delegated authority, approved the proposed rule change on July 17, 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 to Jennifer Klebes, (312) 786-7466.

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

(a) Purpose

Amendment 1 replaces the original filing in its entirety. The purpose of Amendment 1 is to replace the reference to "DJIA" with "DJX" and to replace the reference to "RVX" with "RUT" in the proposed text of Rule 24.9(a)(2). The Exchange has also made corresponding changes to the "Purpose" section of this filing to reflect the rule text replacement changes. Additionally, this Amendment 1 reflects updates to the text in Rule 24.9(a)(2) relating to two pilot programs that were the subject of two separate rule filings.[1] The Exchange is also including examples that illustrate the need for a seventh month in order to maintain four consecutive near term contract months for those broad-based security index options upon which the Exchange calculates a constant three-month volatility index. Lastly, the Exchange had added capacity representations to the "Purpose" section of this filing.

The purpose of this rule filing is to amend Rule 24.9(a)(2), Terms of Index Options, to allow the Exchange to list up to seven expiration months for broad-based security index options upon which the Exchange calculates a constant three-month volatility index. Currently, Rule 24.9(a)(2) permits the Exchange to list only six expiration months in any index options at any one time.

Volatility products offer investors a unique set of tools for speculating and hedging. For example, CBOE Volatility Index ("VIX") options, first introduced in

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1 See Securities Exchange Act Release No. 56035 (July 10, 2007), 72 FR 38851 (July 16, 2007) (extension of the Quarterly Options Series Pilot Program through July 10, 2008); see also Securities Exchange Act Release No. 56050 (July 11, 2007), 72 FR 39472 (July 18, 2007) (extension of the Short Term Options Series Pilot Program through July 12, 2008).

February 2006, have proven to be one of the most successful new products ever listed, currently averaging over 90,000 contracts traded per day. The Exchange plans to introduce new volatility products and new volatility indexes in the near future. One such index is the CBOE S&P 500 Three-Month Volatility Index ("VXV").[2]

Similar to the VIX, the VXV is a measure of S&P 500 implied volatility – the volatility implied by S&P option prices – but instead of reflecting a constant 1-month implied volatility period, VXV is designed to reflect the implied volatility of an option with a constant 3 months to expiration. Since there is only one day on which an option has exactly 3 months to expiration, VXV is calculated as a weighted average of options expiring immediately before and immediately after the three-month standard. Accordingly, the Exchange would need to use four consecutive expiration months in order to calculate a constant three-month volatility index.

Under the current application of CBOE Rule 24.9(a)(2), the Exchange generally lists three consecutive near term months and three months on a quarterly expiration cycle. One of the three consecutive near term months is always a quarterly month; however, that near term contract month (which is also a quarterly month) is not included as part of the three months listed on a quarterly expiration cycle. Therefore, in order to permit the addition of four consecutive near term months under current Rule 24.9(a)(2), the Exchange would only be able to list two months on a quarterly expiration cycle. Because of customer demand and other investment strategy reasons for having three months on a quarterly expiration cycle, the Exchange is seeking to increase, from six to seven, the

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2 The Exchange calculates volatility indexes on other broad-based security indexes, such as the Dow Jones Industrial Average index ("DJX"), the Nasdaq-100 index ("NDX"), and the Russell 2000 index ("RUT"). The Exchange may calculate a constant three-month volatility index on DJX, NDX or RUT in the future.

number of expiration months for broad-based security index options upon which the Exchange calculates a constant three-month volatility index.

Further, if the Exchange calculated a three-month volatility using only three consecutive near term months, this would result in the VXV being calculated with options expiring three months apart about one-third of the time. Another one-third of the time, VXV would be calculated with options expiring two months apart. And the final one-third of the time, VXV would be calculated with options expiring one month apart. As a result, the calculation of the three-month VXV under current Rule 24.9(a)(2) would render the VXV subject to inconsistencies that may make the index unattractive as an underlying for volatility products.

The Exchange states that eight times a year, it will need to add an additional seventh month in order to maintain four consecutive near term contract months. The below examples illustrate the need for a seventh month in order to maintain four consecutive near term contract months. In the following examples, "X" represents RUT contract months that will be listed under the current application of Rule 24.9(2).

Example 1: After September 2007 expiration, under the proposed rule change, the Exchange will list January 2008 RUT contracts in order to have four consecutive near term contract months.

Consecutive Near Term Months			7th Month	March Quarterly Expiration Cycle		
Oct 07	Nov 07	Dec 07		Mar 08	June 08	Sept 08
X	X	X	**Jan 08**	X	X	X

Example 2: After October 2007 expiration, under the proposed rule change, the Exchange will list February 2008 RUT contracts in order to have four consecutive near term contract months.

Consecutive Near Term Months			7th Month	March Quarterly Expiration Cycle		
Nov 07	Dec 07	Jan 07		Mar 08	June 08	Sept 08
X	X	X	**Feb 08**	X	X	X

Example 3: After November 2007 expiration, the Exchange will not have to add a seventh RUT contract month because there will already be four consecutive near term contract months.

Consecutive Near Term Months			7th Month	March Quarterly Expiration Cycle		
Dec 07	Jan 08	Feb 08		Mar 08	June 08	Sept 08
X	X	X	**N/A**	X	X	X

Example 4: After December 2007 expiration, under the proposed rule change, the Exchange will list April 2008 RUT contracts in order to have four consecutive near term contract months, and to maintain three contract months on the March quarterly expiration cycle, the Exchange will list December 2008 RUT contracts.

Consecutive Near Term Months			7th Month	March Quarterly Expiration Cycle		
Jan 08	Feb 08	Mar 08		June 08	Sept 08	Dec 08
X	X	X	**April 08**	X	X	X

Therefore, the Exchange believes that the addition of a fourth consecutive near-term month for broad-based security index options upon which the Exchange calculates a constant three-month volatility index will result in a consistent calculation in which the option series that bracket 3 months to expiration will always expire one month apart. In order to accommodate the listing of a fourth consecutive near-term month and to maintain the listing of three months on a quarterly expiration cycle, the Exchange proposes the increase, from six to seven, the number of expiration months for broad-based security indexes on which the Exchange calculates a constant three-month volatility index.

The Exchange also proposes to remove outdated rule text from Rule 24.9(a)(2). Specifically, the Exchange proposes to delete the provision that permitted the Exchange to list up to seven expiration months at anyone time for the SPX, MNX and DJX index option contracts, provided that one of those expiration months is November 2004.[3] This allowance has since expired and should be deleted from the Exchange's Rulebook.

Capacity

CBOE has analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority have the necessary systems capacity to handle the additional traffic associated with the additional listing of a seventh contract month in order to maintain four consecutive near term contract months for those broad-based security index options upon which the Exchange calculates a constant three-month volatility index.

(b) Statutory Basis

Because the increase in the number of expiration months is limited to broad-based security indexes upon which the Exchange calculates a constant three-month volatility and because the series could be added without presenting capacity problems, the Exchange believes the rule proposal is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.[4]

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3 This provision was added in July 2004 in response to customer demand for index options expiring in November 2004 to hedge positions in stocks overlying particular index options or to hedge market exposure to the equity markets generally against the uncertainty presented by the elections. See Release No. 34-50063, 69 FR 45357 (approving SR-CBOE-2004-49).

4 15 U.S.C. 78f(b).

Specifically, the Exchange believes that the proposed rule change is consistent with the Section 6(b)(5) Act[5] requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and, in general, to protect investors and the public interest.

Item 4. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

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

Item 5. <u>Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others</u>

No written comments were solicited or received with respect to the rule proposal.

Item 6. <u>Extension of Time Period for Commission Action</u>

The Exchange does not consent to an extension of the time period specified in Section 19(b)(2)[6] of the Act for Commission consideration of the rule proposal.

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

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

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

This rule proposal is not based on the rules of another self-regulatory organization or of the Commission.

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5 15 U.S.C. 78f(b)(5).

6 15 U.S.C. 78s(b)(2).

Item 9. Exhibits

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-CBOE-2007-82)

Dated:____________

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change to Allow the Exchange to List Up to Seven Expiration Months for Broad-Based Security Index Options Upon Which the Exchange Calculates a Constant Three-Month Volatility Index

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 ______________, 2007, 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, 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 Rule 24.9(a)(2), Terms of Index Option Contracts, to allow the Exchange to list up to seven expiration months for broad-based security index options upon which the Exchange calculates a constant three-month volatility index. The Exchange also proposes to remove outdated rule text from Rule 24.9(a)(2). The text of the rule proposal is available on the Exchange's website (http://www.cboe.org/legal), at the Exchange's Office of the Secretary and at the Commission.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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. 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

Amendment 1 replaces the original filing in its entirety. The purpose of Amendment 1 is to replace the reference to "DJIA" with "DJX" and to replace the reference to "RVX" with "RUT" in the proposed text of Rule 24.9(a)(2). The Exchange has also made corresponding changes to the "Purpose" section of this filing to reflect the rule text replacement changes. Additionally, this Amendment 1 reflects updates to the text in Rule 24.9(a)(2) relating to two pilot programs that were the subject of two separate rule filings.[3] The Exchange is also including examples that illustrate the need for a seventh month in order to maintain four consecutive near term contract months for those broad-based security index options upon which the Exchange calculates a constant three-month volatility index. Lastly, the Exchange had added capacity representations to the "Purpose" section of this filing.

3 See Securities Exchange Act Release No. 56035 (July 10, 2007), 72 FR 38851 (July 16, 2007) (extension of the Quarterly Options Series Pilot Program through July 10, 2008); see also Securities Exchange Act Release No. 56050 (July 11, 2007), 72 FR 39472 (July 18, 2007) (extension of the Short Term Options Series Pilot Program through July 12, 2008).

The purpose of this rule filing is to amend Rule 24.9(a)(2), Terms of Index Options, to allow the Exchange to list up to seven expiration months for broad-based security index options upon which the Exchange calculates a constant three-month volatility index. Currently, Rule 24.9(a)(2) permits the Exchange to list only six expiration months in any index options at any one time.

Volatility products offer investors a unique set of tools for speculating and hedging. For example, CBOE Volatility Index ("VIX") options, first introduced in February 2006, have proven to be one of the most successful new products ever listed, currently averaging over 90,000 contracts traded per day. The Exchange plans to introduce new volatility products and new volatility indexes in the near future. One such index is the CBOE S&P 500 Three-Month Volatility Index ("VXV").[4]

Similar to the VIX, the VXV is a measure of S&P 500 implied volatility – the volatility implied by S&P option prices – but instead of reflecting a constant 1-month implied volatility period, VXV is designed to reflect the implied volatility of an option with a constant 3 months to expiration. Since there is only one day on which an option has exactly 3 months to expiration, VXV is calculated as a weighted average of options expiring immediately before and immediately after the three-month standard. Accordingly, the Exchange would need to use four consecutive expiration months in order to calculate a constant three-month volatility index.

Under the current application of CBOE Rule 24.9(a)(2), the Exchange generally lists three consecutive near term months and three months on a quarterly expiration cycle. One

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4 The Exchange calculates volatility indexes on other broad-based security indexes, such as the Dow Jones Industrial Average index ("DJX"), the Nasdaq-100 index ("NDX"), and the Russell 2000 index ("RUT"). The Exchange may calculate a constant three-month volatility index on DJX, NDX or RUT in the future.

of the three consecutive near term months is always a quarterly month; however, that near term contract month (which is also a quarterly month) is not included as part of the three months listed on a quarterly expiration cycle. Therefore, in order to permit the addition of four consecutive near term months under current Rule 24.9(a)(2), the Exchange would only be able to list two months on a quarterly expiration cycle. Because of customer demand and other investment strategy reasons for having three months on a quarterly expiration cycle, the Exchange is seeking to increase, from six to seven, the number of expiration months for broad-based security index options upon which the Exchange calculates a constant three-month volatility index.

Further, if the Exchange calculated a three-month volatility using only three consecutive near term months, this would result in the VXV being calculated with options expiring three months apart about one-third of the time. Another one-third of the time, VXV would be calculated with options expiring two months apart. And the final one-third of the time, VXV would be calculated with options expiring one month apart. As a result, the calculation of the three-month VXV under current Rule 24.9(a)(2) would render the VXV subject to inconsistencies that may make the index unattractive as an underlying for volatility products.

The Exchange states that eight times a year, it will need to add an additional seventh month in order to maintain four consecutive near term contract months. The below examples illustrate the need for a seventh month in order to maintain four consecutive near term contract months. In the following examples, "X" represents RUT contract months that will be listed under the current application of Rule 24.9(2).

Example 1: After September 2007 expiration, under the proposed rule change, the Exchange will list January 2008 RUT contracts in order to have four consecutive near term contract months.

Consecutive Near Term Months			7th Month	March Quarterly Expiration Cycle		
Oct 07	Nov 07	Dec 07		Mar 08	June 08	Sept 08
X	X	X	**Jan 08**	X	X	X

Example 2: After October 2007 expiration, under the proposed rule change, the Exchange will list February 2008 RUT contracts in order to have four consecutive near term contract months.

Consecutive Near Term Months			7th Month	March Quarterly Expiration Cycle		
Nov 07	Dec 07	Jan 07		Mar 08	June 08	Sept 08
X	X	X	**Feb 08**	X	X	X

Example 3: After November 2007 expiration, the Exchange will not have to add a seventh RUT contract month because there will already be four consecutive near term contract months.

Consecutive Near Term Months			7th Month	March Quarterly Expiration Cycle		
Dec 07	Jan 08	Feb 08		Mar 08	June 08	Sept 08
X	X	X	**N/A**	X	X	X

Example 4: After December 2007 expiration, under the proposed rule change, the Exchange will list April 2008 RUT contracts in order to have four consecutive near term contract months, and to maintain three contract months on the March quarterly expiration cycle, the Exchange will list December 2008 RUT contracts.

Consecutive Near Term Months			7th Month	March Quarterly Expiration Cycle		
Jan 08	Feb 08	Mar 08		June 08	Sept 08	Dec 08
X	X	X	**April 08**	X	X	X

Therefore, the Exchange believes that the addition of a fourth consecutive near-term month for broad-based security index options upon which the Exchange calculates a constant three-month volatility index will result in a consistent calculation in which the option series that bracket 3 months to expiration will always expire one month apart. In order to accommodate the listing of a fourth consecutive near-term month and to maintain the listing of three months on a quarterly expiration cycle, the Exchange proposes the increase, from six to seven, the number of expiration months for broad-based security indexes on which the Exchange calculates a constant three-month volatility index.

The Exchange also proposes to remove outdated rule text from Rule 24.9(a)(2). Specifically, the Exchange proposes to delete the provision that permitted the Exchange to list up to seven expiration months at anyone time for the SPX, MNX and DJX index option contracts, provided that one of those expiration months is November 2004.[5] This allowance has since expired and should be deleted from the Exchange's Rulebook.

Capacity

CBOE has analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority have the necessary systems capacity to handle the additional traffic associated with the additional listing of a seventh contract month in order to maintain four consecutive near term contract months for those broad-based security index options upon which the Exchange calculates a constant three-month volatility index.

2. Statutory Basis

Because the increase in the number of expiration months is limited to broad-based

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[5] This provision was added in July 2004 in response to customer demand for index options expiring in November 2004 to hedge positions in stocks overlying particular index options or to hedge market exposure to the equity markets generally against the uncertainty presented by the elections. See Release No. 34-50063, 69 FR 45357 (approving SR-CBOE-2004-49).

security indexes upon which the Exchange calculates a constant three-month volatility and because the series could be added without presenting capacity problems, the Exchange believes the rule proposal is consistent with the Act and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.[6] Specifically, the Exchange believes that the proposed rule change is consistent with the Section 6(b)(5) Act[7] requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts 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 Act.

C. 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.

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:

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

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6 15 U.S.C. 78f(b).

7 15 U.S.C. 78f(b)(5).

(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-2007-82 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-2007-82. 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.

579, 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-2007-82 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.[8]

Secretary

Dated: ______________________

[8] 17 CFR 200.30-3(a)(12).