

OMB APPROVAL

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

File No. SR - 2007 - 143

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"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action <input type="checkbox"/>	Date Expires <input type="text"/>
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Rule

<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)

Exhibit 1: Same As Paper Document



Exhibit 2: Same As Paper Document

**Description**

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

CBOE proposes to amend CBOE Rule 17.50 - Imposition of Fines for Minor Rule Violations to amend the provisions of Exchange Rule 17.50(g)(8) Violations of Exercise and Exercise Advice Rules for Noncash-Settled Equity Options.

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	<input type="text" value="Andrew"/>	Last Name	<input type="text" value="Spiwak"/>
Title	<input type="text" value="Director Legal Division"/>		
E-mail	<input type="text" value="spiwak@cboe.com"/>		
Telephone	<input type="text" value="(312) 786-7483"/>	Fax	<input type="text" value="(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 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 EFFF website.

Form 19b-4 Information

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.

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Exhibit 1 - Notice of Proposed Rule Change

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).

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

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.

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Exhibit Sent As Paper Document

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Exhibit 3 - Form, Report, or Questionnaire

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.

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Exhibit Sent As Paper Document

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Exhibit 4 - Marked Copies

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.

Add Remove View

Exhibit 5 - Proposed Rule Text

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.

Add Remove View

Partial Amendment

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.

Add Remove View

Item 1. Text of Proposed Rule Change

(a) The Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to amend CBOE Rule 17.50 - Imposition of Fines for Minor Rule Violations to amend the provisions of Exchange Rule 17.50(g)(8) Violations of Exercise and Exercise Advice Rules for Noncash-Settled Equity Options.

(b) Inapplicable

(c) Inapplicable

* * * * *

(Additions are underlined and deletions are in [brackets])

Chicago Board Options Exchange, Incorporated
Rules

* * * * *

Rule 17.50. Imposition of Fines for Minor Rule Violations

(a)-(f) No Change.

(g)(1)-(g)(7) No Change

(g)(8) Violations of Exercise and Exercise Advice Rules for Noncash-Settled Equity Options (Rule 11.1)

Any member who fails to submit to the Exchange in a timely manner pursuant to Rule 11.1 or a Regulatory Circular issued pursuant to Rule 11.1, "Advice Cancel", or exercise instruction relating to the exercise or nonexercise of a noncash-settled equity option shall be subject to the following fines:

Number of
[Infractions]
Violations in Any
[Twelve] Rolling
Twenty-Four Month

Individual Fine Amount

Member Organization
Fine Amount

Period

1 st	[Letter of Information]	
[Infraction]Offense	\$500	\$1,000
2 nd	[Letter of Caution]	
[Infraction]Offense	\$1,000	\$2,500
Subsequent		
[Infractions]Offenses	[\$500]\$2,500	\$5,000

* * * * *

... Interpretations and Policies:

.01 - .04 No Change.

* * * * *

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 November 23, 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 Andrew Spiwak, (312) 786-7483.

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

The purpose of this proposal is to increase and strengthen the sanctions imposed pursuant to the Minor Rule Violation Plan in connection with any member who fails to submit to the Exchange in a timely manner pursuant to Rule 11.1 or a Regulatory Circular issued pursuant to Rule 11.1, "Advice Cancel", or exercise instruction relating to the exercise or nonexercise of a noncash-settled equity option. The Exchange believes that by increasing

fine levels specified to both individual members and member organizations and lengthening the surveillance period from a twelve month period to a rolling twenty-four month period, will serve as an effective deterrent to such violative conduct. In addition, the Exchange, as a member of the Intermarket Surveillance Group (the “ISG”) as well as certain other self-regulatory organizations (“SRO’s”) executed and filed on October 29, 2007 with the Securities and Exchange Commission, a final version of the Agreement pursuant to Section 17(d) of the Securities Exchange Act of 1934 (as amended) (the “Agreement”).¹ As set forth in the 17d-2 Agreement, the SROs have agreed that their respective rules concerning the filing of Expiring Exercise Declarations (“EED”), also referred to as Contrary Exercise Advices (“CEA”), of options contracts, are common rules. As a result, this amendment to the Minor Rule Violation Plan will further result in consistency in sanctions among the SRO’s who are signatories to the 17d-2 Agreement concerning Contrary Exercise Advice violations.² In addition, the proposed rule change replaces the term “infraction” with the term “violation” to provide greater consistency among the signatories to the 17d-2 Agreement concerning Contrary Exercise Advice violations.

(b) Statutory Basis

The Exchange believes that the proposed rule changes will strengthen its ability to carry out its oversight responsibilities as a self-regulatory organization and reinforce its surveillance and enforcement functions. The Exchange believes that the proposed rule

¹ See Letter to Richard Holley, Division of Market Regulation, Securities and Exchange Commission from Nyieri Nazarian, Assistant General Counsel, American Stock Exchange, October 29, 2007.

² See American Stock Exchange Minor Rule Violation Plan, Rule 590.

change is consistent with Section 6(b) of the Act³, in general, and furthers the objectives of Section 6(b)(5) of the Act⁴, in particular, in that it would promote just and equitable principles of trade, facilitate transactions in securities, remove impediments to and perfect the mechanisms of a free and open market and a national market system, and protect investors and the public interest. Additionally, this proposed rule change will promote consistency in minor rule violations and respective SRO reporting obligations as set forth pursuant to Reg 240.19d-1(c)(2) of the Act.

Item 4. 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.

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.

Item 6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time-period for Commission action.

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 or By-Laws of Another Self-Regulatory Organization or of the Commission

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(6).

Not applicable

Item 9. Exhibits

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-CBOE-2007-143)

Self-Regulatory Organizations; Notice of Filing of a Proposed Rule Change to Amend CBOE's Rules Pertaining to the Imposition of Fines for Minor Rule Violations.

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 _____, 2007, 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 CBOE Rule 17.50 - Imposition of Fines for Minor Rule Violations to amend the provisions of Exchange Rule 17.50(g)(8) Violations of Exercise and Exercise Advice Rules for Noncash-Settled Equity Options. The text of the proposed rule change is available on the Exchange's website (<http://www.cboe.com/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

The purpose of this proposal is to increase and strengthen the sanctions imposed pursuant to the Minor Rule Violation Plan in connection with any member who fails to submit to the Exchange in a timely manner pursuant to Rule 11.1 or a Regulatory Circular issued pursuant to Rule 11.1, "Advice Cancel", or exercise instruction relating to the exercise or nonexercise of a noncash-settled equity option. The Exchange believes that by increasing fine levels specified to both individual members and member organizations and lengthening the surveillance period from a twelve month period to a rolling twenty-four month period, will serve as an effective deterrent to such violative conduct. In addition, the Exchange, as a member of the Intermarket Surveillance Group (the "ISG") as well as certain other self-regulatory organizations ("SRO's") executed and filed on October 29, 2007 with the Securities and Exchange Commission, a final version of the Agreement pursuant to Section 17(d) of the Securities Exchange Act of 1934 (as amended) (the "Agreement").¹ As set forth in the 17d-2 Agreement, the SROs have agreed that their respective rules concerning the filing of Expiring Exercise Declarations ("EED"), also referred to as Contrary Exercise Advices ("CEA"), of options contracts, are common rules. As a result, this amendment to the Minor Rule Violation Plan will further result in consistency in sanctions among the SRO's who are signatories to the

¹ See Letter to Richard Holley, Division of Market Regulation, Securities and Exchange Commission from Nyieri Nazarian, Assistant General Counsel, American Stock Exchange, October 29, 2007.

17d-2 Agreement concerning Contrary Exercise Advice violations.² In addition, the proposed rule change replaces the term “infraction” with the term “violation” to provide greater consistency among the signatories to the 17d-2 Agreement concerning Contrary Exercise Advice violations.

(b) Statutory Basis

The Exchange believes that the proposed rule changes will strengthen its ability to carry out its oversight responsibilities as a self-regulatory organization and reinforce its surveillance and enforcement functions. The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act³, in general, and furthers the objectives of Section 6(b)(5) of the Act⁴, in particular, in that it would promote just and equitable principles of trade, facilitate transactions in securities, remove impediments to and perfect the mechanisms of a free and open market and a national market system, and protect investors and the public interest. Additionally, this proposed rule change will promote consistency in minor rule violations and respective SRO reporting obligations as set forth pursuant to Reg 240.19d-1(c)(2) of the Act.

(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.

² See American Stock Exchange Minor Rule Violation Plan, Rule 590.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(6).

(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:

(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-2007-143 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-2007-143. 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-2007-143 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).