

## OMB APPROVAL

OMB Number: 3235-0045  
Expires: June 30, 2010  
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 - 147

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"/>			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 checked="" type="checkbox"/> 19b-4(f)(6)		

Number of Copies of Proposed Rule Change

☐

Number of Copies of Proposed Rule Change

☐**Description**

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

Proposal to extend IWM Option Pilot Program for an additional six-month period, through July 21, 2008.

**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 Yeadon  
Title Senior Attorney  
E-mail yeadon@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 12/11/2007

By Jennifer L. Yeadon

(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 Yeadon, yeadon@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 1 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.

Page 1

1. Text of the Proposed Rule Change

(a) Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to extend an existing pilot program that increases the position and exercise limits for options on the iShares Russell 2000 Index Fund ("IWM options") traded on the Exchange ("IWM Option Pilot Program"). Set forth below are proposed changes to the rule text, with the addition underlined and the deletion [bracketed].

(b) Not applicable.

(c) Not applicable.

Chicago Board Options Exchange, Incorporated  
Rules

\* \* \* \* \*

Rule 4.11—Position Limits

RULE 4.11. No change.

. . . Interpretations and Policies:

.01 - .06 No change.

.07 The position limits under Rule 4.11 applicable to options on shares or other securities that represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that satisfy the criteria set forth in Interpretation and Policy .06 under Rule 5.3 shall be the same as the position limits applicable to equity options under Rule 4.11 and Interpretations and Policies thereunder. The position limits under Rule 4.11 applicable to options on the Nasdaq-100 Index Tracking Stock ("QQQQ"), the Standard and Poor's Depositary Receipts Trust (SPDR), and the DIAMONDS Trust (DIA) shall be 300,000 option contracts, except that during the 4.11 Pilot Program Period the position limit on the QQQQ shall be 900,000 contracts. In addition, the position limit under Rule 4.11 applicable to options on the iShares Russell 2000 Index Fund (IWM), shall be, for a pilot period from January 22, 2007 through [January 18] July 21, 2008, 500,000 option contracts.

\* \* \* \* \*

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by CBOE's Office of the Chairman pursuant to delegated authority on November 29, 2007. No further action is required. Questions and comments on the proposed rule change may be referred to Joanne Moffic-Silver, General Counsel, Chicago Board Options Exchange, Incorporated, 400 South LaSalle, Chicago, IL 60605, (312) 786-7462, or to Jennifer Yeadon at (312) 786-7466.

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

(a) Purpose

The IWM Option Pilot Program provides for increased position and exercise limits for IWM options traded on the Exchange.<sup>1</sup> Specifically, the IWM Option Pilot Program increases the position and exercise limits for IWM options from 250,000 contracts to 500,000 contracts.<sup>2</sup>

The purpose of the proposed rule change is to extend the IWM Option Pilot Program for an additional six-month period, through July 21, 2008. The Exchange is not proposing any other changes to the IWM Option Pilot Program. The Exchange believes that extending the IWM Pilot Program for six months is warranted due to the positive feedback received from market participants and for the reasons cited in the original rule

---

<sup>1</sup> The proposal that established the IWM Option Pilot Program was designated by the Commission to be effective and operative upon filing. See Securities Exchange Act Release No. 55176 (January 25, 2007), 72 FR 4741 (February 1, 2007) (SR-CBOE-2007-08). The IWM Option Pilot Program was extended by the Commission and is due to expire on January 18, 2008. See Securities Exchange Act Release No. 55926 (June 20, 2007), 72 FR 35275 (June 27, 2007) (SR-CBOE-2007-61).

<sup>2</sup> Exercise limits for IWM options are equivalent to the position limits prescribed for IWM options in Rule 4.11.07 and the increased exercise limits are only in effect during the IWM Option Pilot Period. See Rule 4.12.02.

filing that proposed the adoption of the IWM Pilot Program. Also, the Exchange represents that it has not encountered any problems or difficulties relating to the IWM Option Pilot Program since its inception. For these reasons, the Exchange requests that the Commission extend the IWM Option Pilot Program for the aforementioned additional period.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements provided under Section 6(b)(5)<sup>3</sup> of the Securities Exchange Act of 1934, as amended, 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.

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

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

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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 Exchange Act.

---

<sup>3</sup> 15 U.S.C. 78(f)(b)(5).

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

(a) The proposed rule change has taken effect upon filing pursuant to Section 19(b)(3)(A) of the Act.<sup>4</sup>

(b) The Exchange asserts that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on competition, and (iii) will not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of the filing of the proposed rule change as required by Rule 19b-4(f)(6).<sup>5</sup> The Exchange requests that the Commission waive the 30 day period for this filing to become operative so that it may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A)<sup>6</sup> of the Act and subparagraph (f)(6) of Rule 19b-4 thereunder. Waiver of the 30-day pre-operative delay will allow the IWM Option Pilot Program to continue uninterrupted. For the foregoing reasons, this rule filing qualifies for expedited effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 of the Act.

(c) Not applicable.

---

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> On November 28, 2007, the Exchange electronically submitted a prefiling through the Commission's Electronic Form Filing System (EFFS). 17 C.F.R. 240.19b-4(f)(6).

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

(d) Not applicable.

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

The proposed rule changes are not based on the rules of another self-regulatory organization or the Commission.

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-2007-147)

Dated: \_\_\_\_\_

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Extension of the iShares Russell 2000 Index Fund (IWM) Option Pilot Program until July 21, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

(the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> 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 Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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 extend an existing pilot program that increases the position and exercise limits for options on the iShares Russell 2000 Index Fund (“IWM options”) traded on the Exchange (“IWM Option Pilot Program”). The text of the rule proposal is available

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).



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. 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

The IWM Option Pilot Program provides for increased position and exercise limits for IWM options traded on the Exchange.<sup>5</sup> Specifically, the IWM Option Pilot Program increases the position and exercise limits for IWM options from 250,000 contracts to 500,000 contracts.<sup>6</sup>

The purpose of the proposed rule change is to extend the IWM Option Pilot Program for an additional six-month period, through July 21, 2008. The Exchange is not proposing

---

<sup>5</sup> The proposal that established the IWM Option Pilot Program was designated by the Commission to be effective and operative upon filing. See Securities Exchange Act Release No. 55176 (January 25, 2007), 72 FR 4741 (February 1, 2007) (SR-CBOE-2007-08). The IWM Option Pilot Program was extended by the Commission and is due to expire on January 18, 2008. See Securities Exchange Act Release No. 55926 (June 20, 2007), 72 FR 35275 (June 27, 2007) (SR-CBOE-2007-61).

<sup>6</sup> Exercise limits for IWM options are equivalent to the position limits prescribed for IWM options in Rule 4.11.07 and the increased exercise limits are only in effect during the IWM Option Pilot Period. See Rule 4.12.02.

any other changes to the IWM Option Pilot Program. The Exchange believes that extending the IWM Pilot Program for six months is warranted due to the positive feedback received from market participants and for the reasons cited in the original rule filing that proposed the adoption of the IWM Pilot Program. Also, the Exchange represents that it has not encountered any problems or difficulties relating to the IWM Option Pilot Program since its inception. For these reasons, the Exchange requests that the Commission extend the IWM Option Pilot Program for the aforementioned additional period.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements provided under Section 6(b)(5)<sup>7</sup> of the Securities Exchange Act of 1934, as amended, 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

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

Because the foregoing rule does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become

---

<sup>7</sup> 15 U.S.C. 78(f)(b)(5).

operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, provided that the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change or such shorter time as designated by the Commission, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(6) thereunder.<sup>9</sup> At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);  
or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2007-147 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and

---

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2007-147. 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 Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of the CBOE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2007-147 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.<sup>10</sup>

Dated: \_\_\_\_\_

Secretary

---

<sup>10</sup> 17 CFR 200.30-3(a)(12).