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

File No. SR - 2010 - 018
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) |
|---|---|---|---|---|---|
| ☐ | ☑ | ☐ | ☑ | ☐ | ☐ |

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)

Pilot ☐

Extension of Time Period for Commission Action ☐

Date Expires

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

**Description**

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

**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: Jenny 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: 03/22/2010

By: Jenny 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**<br>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**<br>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**<br>Add Remove View<br>Exhibit Sent As Paper Document<br>☐ | 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**<br>Add Remove View<br>Exhibit Sent As Paper Document<br>☐ | 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**<br>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**<br>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**<br>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. |

PARTIAL AMENDMENT

Chicago Board Options Exchange, Incorporated ("CBOE" or the "Exchange") submits this Amendment, constituting Amendment No. 1, to rule filing SR-CBOE-2010-018 in which the Exchange proposes to amend certain of its rules to provide for the listing and trading of options that overlie the CBOE Gold ETF Volatility Index ("GVZ"). The purpose of this Amendment No. 1 is to reflect the current rule text that is being proposed to be amended in the filing and to the make other technical changes to the rule text. The changes to the rule text being made by this Amendment No. 1 are non-substantive and, therefore, do not impact the purpose section contained in the original filing.

The following rule text replaces and supersedes the rule text set forth in original filing. Additions are <u>underlined</u> and deletions represented by [bracketing].

Chicago Board Options Exchange, Incorporated
Rules

* * * * *

**Rule 5.5—Series of Option Contracts Open for Trading**

RULE 5.5 No change.

***…Interpretations and Policies***

**.01 - .13** No change.

<u>**.14** Notwithstanding Interpretation and Policy .01 above, the intervals between strike prices for GVZ option series shall be determined in accordance with Interpretation and Policy .01(i) to Rule 24.9.</u>

**.15 - .16** No change.

* * * * *

**Rule 12.3—Margin Requirements**

RULE 12.3

(a) – (b) No change.

(c) *Customer Margin Account—Exception*. The foregoing requirements are subject to the following exceptions. Nothing in this paragraph (c) shall prevent a broker-dealer from requiring margin from any account in excess of the amounts specified in these provisions.

(1) – (4) No change.

(5) Initial and Maintenance Margin Requirements on Short Options, Stock Index Warrants, Currency Index Warrants and Currency Warrants.

(A) Listed. General Rule. The initial and maintenance margin required on any listed put, call, stock index warrant, currency index warrant or currency warrant carried "short" in a customer's account shall be 100% of the current market value of the option or warrant plus the percentage of the current "underlying component value" (as described in column IV of the table below) specified in column II of the table below reduced by any "out-of-the-money" amount as defined in this subparagraph (c)(5)(A) below.

Notwithstanding the margin required above, the minimum margin for each such call option or call warrant shall not be less than 100% of the current market value of the option or warrant plus the percentage of the current market value of the underlying component specified in column III of the table below, and for each such put option or put warrant, shall not be less than 100% of the current market value of the option or warrant plus the percentage of the option or warrant's aggregate exercise price amount specified in column III of the table below.

| ***I. Type of Option*** | ***II. Initial and/or Maintenance Margin Required*** | ***III. Minimum Margin Required*** | ***IV. Underlying Component Value*** |
|---|---|---|---|
| 1. – 14. No change. | | | |
| <u>15. GVZ</u> | <u>20%</u> | <u>10%</u> | <u>The product of the index value and the applicable index multiplier</u> |

For purposes of this subparagraph (c)(5)(A), "out-of-the-money" amounts are determined as follows:

| ***Option or Warrant Issue*** | ***Call*** | ***Put*** |
|---|---|---|
| Stock Options, Registered Investment Company Options | Any excess of the aggregate exercise price of the option over the current market value of the equivalent number of shares of the underlying security. | Any excess of the current market value of the equivalent number of shares of the underlying security over the aggregate exercise price of the option. |
| U.S. Treasury Options | Any excess of the aggregate exercise price of the option over the current market value of the underlying principal amount. | Any excess of the current market value of the underlying principal amount over the aggregate exercise price of the option. |
| Corporate Debt Security Options | Any excess of the aggregate exercise price of the option over the current market value of the equivalent quantity of the underlying security. | Any excess of the current market value of the equivalent quantity of the underlying security over the aggregate exercise price of the option. |
| Index stock options, <u>GVZ options,</u> currency index warrants and stock index warrants | Any excess of the aggregate exercise price of the option or warrant over the product of the current index value and the applicable multiplier. | Any excess of the product of the current index value and the applicable multiplier over the aggregate exercise price of the option or warrant. |
| Foreign currency options and warrants | Any excess of the aggregate exercise price of the option or warrant over the product of units per foreign currency contract and the closing spot prices. | Any excess of the product of units per foreign currency contract and the closing spot prices over the aggregate price of the option or warrant. |
| Interest rate options | Any excess of the aggregate exercise price of the option over the product of the current interest rate measure value and the applicable multiplier. | Any excess of the product of the current interest rate measure value and the applicable multiplier over the aggregate exercise price of the option. |

Remainder of Rule 12.3 – No change.

***…Interpretations and Policies:***

**.01 - .19** No change.

*    *    *    *    *

**Rule 24.1—Definitions**

RULE 24.1 No change.

***…Interpretations and Policies:***

**.01** The reporting authorities designated by the Exchange in respect of each index underlying an index option contract traded on the Exchange are as follows:

| Index | Reporting Authority |
|---|---|
| (Add the following to the current list:) | |
| CBOE Gold ETF Volatility Index | Chicago Board Options Exchange |

*     *     *     *     *

**Rule 24.4—Position Limits for Broad-Based Index Options**

RULE 24.4 (a) In determining compliance with Rule 4.11, there shall be no position limits for broad-based index option contracts (including reduced-value option contracts) on CBOE S&P 500 Three-Month Realized Variance, CBOE S&P 500 Three-Month Realized Volatility and on the BXM (1/10th value), DJX, OEX, XEO, NDX, RUT, VIX, VXN, VXD, S&P 500 Dividend Index and SPX classes. All other broad-based index option contracts shall be subject to a contract limitation fixed by the Exchange, which shall not be larger than the limits provided in the chart below.

*     *     *     *     *

(Add the following to the current list:)

| | | |
|---|---|---|
| CBOE Gold ETF Volatility Index ("GVZ") | 50,000 contracts | no more than 30,000 near-term |

(b) – (e) No change.

***…Interpretations and Policies:***

**.01 - .03** No change.

**.04** Margin and Clearing Firm Requirements

Whenever the Exchange determines, based on a report by the Department of Market Regulation or otherwise, that additional margin is warranted in light of the risks associated with an under-hedged BXM ($1/10^{th}$ value), GVZ, SPX, OEX, XEO, NDX, RUT, DJX, VIX, VXN, VXD, S&P 500 Dividend Index, CBOE S&P 500 Three-Month Realized Variance or CBOE S&P 500 Three-Month Realized Volatility option position, the Exchange may consider imposing additional margin upon the account maintaining such under-hedged position pursuant to its authority under Exchange Rule 12.10. Additionally, it should be noted that the clearing firm carrying the account will be subject to capital charges under SEC Rule 15c3-1 to the extent of any margin deficiency resulting from the higher margin requirements.

* * * * *

**Rule 24.6—Days and Hours of Business**

RULE 24.6. The Board of Directors has resolved that, except as otherwise provided in this Rule or under unusual conditions as may be determined by the Board or its designee, transactions in index options may be effected on the Exchange between the hours of 8:30 a.m. Chicago time and 3:15 p.m. Chicago time. With respect to options on foreign indexes, the Board's designee shall determine the days and hours of business. Transactions in the following index options may be effected on the Exchange between the hours of 8:30 a.m. Chicago time and 3:00 p.m. Chicago time:

(i) – (xl) No change.
(xli) CBOE Gold ETF Volatility Index

***…Interpretations and Policies:***

**.01** No change.

* * * * *

**Rule 24.9—Terms of Index Option Contracts**

RULE 24.9. (a) General.

(1) - (2) No change.

(3) "European-Style Exercise". The following European-style index options, some of which are A.M.-settled as provided in paragraph (a)(4), are approved for trading on the Exchange:

(i)- (xxviii) No change.
[(xxix) – (xxx)[Reserved.]]
(xxix) CBOE Gold ETF Volatility Index ("GVZ").
(xxx) [Reserved.]
(xxxi) – (xcvii) No change.

(4) *A.M.-Settled Index Options*. The last day of trading for non-Volatility A.M.-settled index options shall be the business day preceding the last day of trading in the underlying securities prior to expiration. The last day of trading for Volatility Index and GVZ options is governed by subparagraph (5) below. The current index value at the

expiration of an A.M.-settled index option shall be determined, for all purposes under these Rules and the Rules of the Clearing Corporation, on the last day of trading in the underlying securities prior to expiration, by reference to the reported level of such index as derived from the opening prices of the underlying securities on such day, as determined by the market for such security selected by the Reporting Authority pursuant to Interpretation and Policy .09 to Rule 24.9, except that in the event that the primary market for an underlying security does not open for trading, halts trading prematurely, or otherwise experiences a disruption of normal trading on that day, or in the event that the primary market for an underlying security is open for trading on that day, but that particular security does not open for trading, halts trading prematurely, or otherwise experiences a disruption of normal trading on that day, the price of that security shall be determined, for the purposes of calculating the current index value at expiration, as set forth in Rule 24.7(e). The current index level at the expiration of an A.M.- settled S&P 500 Dividend Index option shall be a special quotation of the S&P 500 Dividend Index as determined by the Reporting Authority pursuant to Interpretation and Policy .09 to Rule 24.9, except that in the event that the Reporting Authority is unable to calculate a special quotation of the S&P 500 Dividend Index, the special quotation shall be determined, for the purposes of calculating the current index value at expiration, as set forth in Rule 24.7(e).

The following A.M.-settled index options are approved for trading on the Exchange:

| | |
|---|---|
| (i) – (xx) | No change. |
| [(xxi – xxiv) | [Reserved.]] |
| (xxi) | CBOE Gold ETF Volatility Index ("GVZ"). |
| (xxii – xxiv) | [Reserved.] |
| (xxv) - (lxxxvi) | No change. |

(5) *Method of Determining Day that Exercise Settlement Value will be Calculated and of Determining Expiration Date and Last Trading Day for [CBOE] Volatility Index (e.g., VIX, RVX, VXD, VXN) [O]options ("Volatility Index options") and [CBOE Increased-Value Volatility Index Options ("Volatility Index options")] CBOE Gold ETF Volatility Index ("GVZ") options*. The exercise settlement value of a Volatility Index or a GVZ option for all purposes under these Rules and the Rules of the Clearing Corporation, shall be calculated on the Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which the Volatility Index or a GVZ option expires. If the third Friday of the month subsequent to the expiration of the Volatility Index or a GVZ option is an Exchange holiday, the exercise settlement value shall be calculated on the business day that is thirty days prior to the Exchange business day immediately preceding that Friday. The exercise settlement value of a Volatility Index or a GVZ option for such purposes shall be calculated by the Exchange as a Special Opening Quotation (SOQ) of the applicable Volatility Index or GVZ using the sequence of opening prices of the options that comprise the Volatility Index or GVZ. The opening price for any series in which there is no trade shall be the average of that option's bid price and ask price as determined at the opening of trading. The expiration date of a Volatility Index or GVZ option shall be the same day that the exercise settlement value of the Volatility Index or GVZ option is calculated. The last trading day for a Volatility

Index <u>or GVZ</u> option shall be the business day immediately preceding the expiration date of the Volatility Index <u>or GVZ</u> option.

(b) – (d) No change.

***…Interpretations and Policies:***

**.01** The procedures for adding and deleting strike prices for index options are provided in Rule 5.5 and Interpretations and Policies related thereto, as otherwise generally provided by Rule 24.9, and include the following:

(a) The interval between strike prices will be no less than $5.00; provided, that in the case of the following classes of index options, the interval between strike prices will be no less than $2.50:

(i) – (lxii) No change.
<u>(lxiii) CBOE Gold ETF Volatility Index ("GVZ")</u>

(b)- (h) No change.

<u>(i) In addition to the strike price intervals permitted under Interpretation and Policy .01(a) to Rule 24.9, the Exchange may also list series at 1 point strike price intervals for GVZ options, subject to following conditions:</u>

<u>(i) Initial Series. The Exchange will list in-, at- and out-of-the-money strike prices, and may open for trading up to five series above and five series below the calculated forward value of GVZ, and LEAPs series.</u>

<u>(ii) Additional Series. In response to customer demand or as the calculated forward value of GVZ moves from the initial exercise prices of option series that have been opened for trading, the Exchange may open for trading up to five series above and five series below the calculated forward value of GVZ, and LEAPs series.</u>

<u>(iii) The Exchange may not open for trading series with 1 point strike price intervals within 0.50 point of an existing 2.5 point strike price with the same expiration month.</u>

<u>(iv) The Exchange shall not list LEAPS on GVZ options at strike price intervals less than 1 point.</u>

(j) – (k) No change.

**.02 - .11** No change.

* * * * *

**Rule 24A.7 — Position Limits and Reporting Requirements**

RULE 24A.7.

(a) FLEX Index Options

(1) In determining compliance with Rules 4.11, 24.4, 24.4A and 24.4B, FLEX Index Options shall be subject to FLEX contract position limitations fixed by the Exchange in accordance with the provisions of this Rule.

(2) Except as otherwise provided in this Rule, in no event shall the position limits for a broad-based FLEX Index Option class exceed in the aggregate 200,000 contracts on the same side of the market.

(3) In no event shall the position limits for an industry-based FLEX Index Option class exceed one times the applicable number of Non-FLEX Index Option contracts (whether long or short) of the put class and the call class on the same side of the market, as determined on the basis of the position limits established pursuant to Rule 24.4A; provided, however, the position limits for an industry-based FLEX Index Option class shall not exceed four times the applicable position limits established pursuant to Rule 24.4A, instead of one times as provided above, for: (i) the Dow Jones Transportation Average or the Dow Jones Utility Average; or (ii) an underlying industry-based index that is not a "narrow-based security index," as defined under Section 3(a)(55)(B)of the Exchange Act.

(4) In no event shall the position limits for a micro narrow-based FLEX Index Option class exceed one times the applicable number of Non-FLEX Index Option contracts (whether long or short) of the put class and the call class on the same side of the market, as determined on the basis of the position limits established pursuant to Rule 24.4B.

(5) The position limits for FLEX GVZ Options are equal to the position limits for Non-FLEX GVZ Options established pursuant to Rule 24.4.

(b) – (c) No change.

(d) Aggregation of Positions. For purposes of the position limits and reporting requirements set forth in this Rule, FLEX Option positions shall not be aggregated with positions in Non-FLEX Options other than as provided below, and positions in FLEX Index Options on a given index shall not be aggregated with options on any stocks included in the index or with FLEX Index Option positions on another index.

(1) – (3) No change.

(4) As long as the options positions remain open, positions in FLEX GVZ Options that expire on the same day as Non-FLEX GVZ Options, as determined pursuant to Rule 24.9(a)(5), shall be aggregated with positions in Non-FLEX GVZ Options and shall be

<u>subject to the position limits set forth in Rules 4.11, 24.4, 24.4A and 24.4B, and the exercise limits set forth in Rules 4.12 and 24.5.</u>

This rule supplements Rule 4.11 generally, but supersedes Interpretations .02 and .04 of Rule 4.11 and all of Rules 24.4, Rule 24.4A, Rule 24.4B and Rule 29.5 except to the extent those Rules are referred to in this rule.

**Rule 24A.8 —Exercise Limits**

RULE 24A.8.

(a) In determining compliance with Rules 4.12 and 24.5, exercise limits for FLEX Index <u>and FLEX GVZ</u> Options shall be equivalent to the FLEX position limits prescribed in Rule 24A.7. There shall be no exercise limits for broad-based FLEX Index Options (including reduced-value option contracts) on BXM (1/10th value), DJX, NDX, OEX, RUT, S&P 500 Dividend Index, SPX, VIX, VXN, VXD, CBOE S&P 500 Three-Month Realized Variance, CBOE S&P 500 Three-Month Realized Volatility and XEO.

(b) – (d) No change.

*** * * * ***

**Rule 24B.7 — Position Limits and Reporting Requirements**

RULE 24B.7.

(a) FLEX Index Options

(1) In determining compliance with Rules 4.11, 24.4, 24.4A and 24.4B, FLEX Index Options shall be subject to FLEX contract position limitations fixed by the Exchange in accordance with the provisions of this Rule.

(2) Except as otherwise provided in paragraph (b) of this Rule, in no event shall the position limits for a broad-based FLEX Index Option class exceed in the aggregate 200,000 contracts on the same side of the market.

(3) In no event shall the position limits for an industry-based FLEX Index Option class exceed one times the applicable number of Non-FLEX Index Option contracts (whether long or short) of the put class and the call class on the same side of the market, as determined on the basis of the position limits established pursuant to Rule 24.4A provided, however, the position limits for an industry-based FLEX Index Option class shall not exceed four times the applicable position limits established pursuant to Rule 24.4A, instead of one times as provided above, for: (i) the Dow Jones Transportation Average or the Dow Jones Utility Average; or (ii) an underlying industry-based index that is not a "narrow-based security index," as defined under Section 3(a)(55)(B) of the Exchange Act.

(4) In no event shall the position limits for a micro narrow-based FLEX Index Option class exceed one times the applicable number of Non-FLEX Index Option contracts (whether long or short) of the put class and the call class on the same side of the market, as determined on the basis of the position limits established pursuant to Rule 24.4B.

(5) The position limits for FLEX GVZ Options are equal to the position limits for Non-FLEX GVZ Options established pursuant to Rule 24.4.

(b) – (c) No change.

(d) Aggregation of Positions

For purposes of the position limits and reporting requirements set forth in this Rule, FLEX Option positions shall not be aggregated with positions in Non-FLEX Options other than as provided below, and positions in FLEX Index Options on a given index shall not be aggregated with options on any stocks included in the index or with FLEX Index Option positions on another index.

(1) – (3) No change.

(4) As long as the options positions remain open, positions in FLEX GVZ Options that expire on the same day as Non-FLEX GVZ Options, as determined pursuant to Rule 24.9(a)(5), shall be aggregated with positions in Non-FLEX GVZ Options and shall be subject to the position limits set forth in Rules 4.11, 24.4, 24.4A and 24.4B, and the exercise limits set forth in Rules 4.12 and 24.5.

This rule supplements Rule 4.11 generally, but supersedes Interpretations .02 and .04 of Rule 4.11 and all of Rules 24.4, 24.4A, 24.4B and 29.5 except to the extent those Rules are referred to in this rule.

**Rule 24B.8. — Exercise Limits**

RULE 24B.8.

(a) In determining compliance with Rules 4.12 and 24.5, exercise limits for FLEX Index and FLEX GVZ Options shall be equivalent to the FLEX position limits prescribed in Rule 24B.7. There shall be no exercise limits for broad-based FLEX Index Options (including reduced-value option contracts) on BXM (1/10th value), DJX, NDX, OEX, RUT, S&P 500 Dividend Index, SPX, VIX, VXN, VXD, CBOE S&P 500 Three-Month Realized Variance, CBOE S&P 500 Three-Month Realized Volatility and XEO.

(b) – (d) No change.

* * * * *