

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information

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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

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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

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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

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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

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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

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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

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of the Proposed Rule Change

(a) Chicago Board Options Exchange, Incorporated ("CBOE" or "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"), which will be cash-settled and will have European-style exercise. Set forth below are proposed changes to the rule text, with additions represented by underscoring and deletions represented by [bracketing].

(b) Not applicable.

(c) Not applicable.

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 - .013 No change.

.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.

.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>I. Type of Option</i>	<i>II. Initial and/or Maintenance Margin Required</i>	<i>III. Minimum Margin Required</i>	<i>IV. Underlying Component Value</i>
1. – 14. No change.			
15. <u>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:

<i>Option or Warrant Issue</i>	<i>Call</i>	<i>Put</i>
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
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(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:)

<u>CBOE Gold ETF Volatility Index ("GVZ")</u>	<u>50,000 contracts</u>	<u>no more than 30,000 near-term</u>
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(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 (1/10th 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.]
 (xxx) – (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 .12 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 following A.M.-settled index options are approved for trading on the Exchange:

(i) – (xx)	No change.
[(xxi – xxiv)	[Reserved.]]
<u>(xxi)</u>	<u>CBOE Gold ETF Volatility Index ("GVZ").</u>
<u>(xxii – xxiv)</u>	<u>[Reserved.]</u>
(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]ptions ("Volatility Index options") and [CBOE Increased-Value 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 or GVZ option shall be the business day immediately preceding the expiration date of the Volatility Index or GVZ 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)</u>	<u>CBOE Gold ETF Volatility Index ("GVZ")</u>

(b)- (h) No change.

(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:

(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.

(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.

(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.

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

.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 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, 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 and FLEX GVZ 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.

* * * * *

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 October 27, 2009. 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 Jenny L. 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

The purpose of this proposed rule change is to permit the Exchange to list and trade cash-settled, European-style options on the CBOE Gold ETF Volatility Index ("GVZ").

Index Design and Calculation

The calculation of GVZ is based on the VIX methodology applied to options on the SPDR Gold Trust ("GLD"). The index was introduced by CBOE on August 1, 2008 and has

been disseminated in real-time on every trading day since that time.¹

GVZ is an up-to-the-minute market estimate of the expected volatility of GLD calculated by using real-time bid/ask quotes of CBOE listed GLD options. GVZ uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected (implied) volatility.

For each contract month, CBOE will determine the at-the-money strike price. The Exchange will then select the at-the-money and out-of-the money series with non-zero bid prices and determine the midpoint of the bid-ask quote for each of these series. The midpoint quote of each series is then weighted so that the further away that series is from the at-the-money strike, the less weight that is accorded to the quote. Then, to compute the index level, CBOE will calculate a volatility measure for the nearby options and then for the second nearby options. This is done using the weighted mid-point of the prevailing bid-ask quotes for all included option series with the same expiration date. These volatility measures are then interpolated to arrive at a single, constant 30-day measure of volatility.²

CBOE will compute values for GVZ underlying option series on a real-time basis throughout each trading day, from 8:30 a.m. until 3:00 p.m. (CT). GVZ levels will be calculated by CBOE and disseminated at 15-second intervals to major market data vendors.

Options Trading

GVZ options will be quoted in index points and fractions and one point will equal \$100. The minimum tick size for series trading below \$3 will be 0.05 (\$5.00) and above \$3 will be 0.10 (\$10.00). Exhibit 3 presents contract specifications for GVZ options.

¹ CBOE maintains a micro-site for GVZ options at: <http://www.cboe.com/gvz>.

See proposed amendment to Rule 24.9(a)(3).

² See proposed amendment to Interpretation and Policy .01 to Rule 24.1 (designating the Exchange as the reporting authority for GVZ).

The Exchange is proposing to permit 1 point or greater strike price intervals on GVZ options.³ The Exchange believes that 1 point strike price intervals will provide investors with greater flexibility by allowing them to establish positions that are better tailored to meet their investment objectives.

Initially, 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 price of the calculated forward value of GVZ, and LEAPS series. As for additional series, either 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 open 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. The Exchange will not be permitted to 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. The Exchange will not be permitted to list LEAPS on GVZ options at strike price intervals less than 1 point.

The Exchange is proposing to add new Interpretation and Policy .14 to Rule 5.5, Series of Option Contracts Open for Trading, which will be an internal cross reference stating that the intervals between strike prices for GVZ option series will be determined in accordance with proposed new Interpretation and Policy .01(i) to Rule 24.9.

Exercise and Settlement

The proposed options will typically expire on the Wednesday that is 30 days prior to the third Friday of the calendar month immediately following the expiration month (the

³ See proposed addition to Interpretation and Policy .01(a) of GVZ to the existing list of options for which \$2.50 strike price intervals are permitted and proposed Interpretation and Policy .01(i) to Rule 24.9 permitting \$1 strike price intervals for GVZ options.

expiration date of the options used in the calculation of the index).⁴ If the third Friday of the calendar month immediately following the expiring month is a CBOE holiday, the expiration date will be 30 days prior to the CBOE business day immediately preceding that Friday. For example, June 2010 GVZ options would expire on Wednesday, June 16, 2010, exactly 30 days prior to the third Friday of the calendar month immediately following the expiring month. Trading in the expiring contract month will normally cease at 3:00 pm (CT) on the business day immediately preceding the expiration date.⁵ Exercise will result in delivery of cash on the business day following expiration. GVZ options will be A.M.-settled.⁶ The exercise settlement value will be determined by a Special Opening Quotations ("SOQ") of GVZ calculated from the sequence of opening prices of a single strip of options expiring 30 days after the settlement date. The opening price for any series in which there are is no trade shall be the average of that options' bid price and ask price as determined at the opening of trading.⁷

The exercise-settlement amount will be equal to the difference between the exercise-settlement value and the exercise price of the option, multiplied by \$100. When the last trading day is moved because of a CBOE holiday, the last trading day for expiring options will be the day immediately preceding the last regularly-scheduled trading day.

Position and Exercise Limits

For regular options trading, the Exchange is proposing to establish position limits for GVZ options at 50,000 contracts on either side of the market and no more than 30,000

⁴ See proposed amendment to Rule 24.9(a)(3) (adding GVZ to list of European-style index options approved for trading on the Exchange).

⁵ See proposed amendment to Rule 24.6, Days and Hours of Business.

⁶ See proposed amendment to Rule 24.9(a)(4) (adding GVZ to the list of A.M.-settled index options approved for trading on the Exchange).

⁷ See proposed amendment to Rule 24.9(a) (5) (adding GVZ to the provision setting forth the method of determining the day that the exercise settlement value is calculated and of determining the expiration date and the last trading day for CBOE Volatility Index Options). The Exchange is also proposing to make technical changes to this rule provision as well.

contracts in the nearest expiration month.⁸ CBOE believes that a 50,000 contract position limit is appropriate due to the fact that GLD options, which are the underlying components for GVZ, are among the most actively traded option classes currently listed. Industry-wide, GLD ranked as the 13th most active options class in 2009, averaging 136,000 contracts per day. On CBOE, GLD was the 12th most active options trading class in 2009, averaging over 50,000 contracts per day. In determining compliance with these proposed position limits, GVZ options will not be aggregated with GLD options. Positions in Short Term Option Series, Quarterly Options Series, and Delayed Start Option Series will be aggregated with position in options contracts in the same GVZ class. Exercise limits will be the equivalent to the proposed position limits.⁹ GVZ options will be subject to the same reporting requirements triggered for other options dealt in on the Exchange.¹⁰

For FLEX options trading, the Exchange is proposing that the position limits for FLEX GVZ Options will be equal to the position limits for Non-FLEX GVZ Options established pursuant to Rule 24.4.¹¹ Similarly, the Exchange is proposing that the exercise limits for FLEX GVZ Options will be equivalent to the position limits established pursuant to Rule 24.4.¹² The proposed position and exercise limits for FLEX GVZ Options are consistent with the treatment of position and exercise limits for other Flex Index Options. The Exchange is also proposing to add new subparagraph (4) to Rules 24A.7(d) and 24B.7(d) to provide that 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

⁸ See proposed amendment to Rule 24.4, Position Limits for Broad-Based Index Options.

⁹ See Rule 24.5, Exercise Limits, which provides that exercise limits are equivalent to position limits.

¹⁰ See Rule 4.13, Reports Related to Position Limits.

¹¹ See proposed amendments to Rules 24A.7 and 24B.7, Position Limits and Reporting Requirements.

¹² See proposed amendments to Rules 24A.8 and 24B.8, Exercise Limits.

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.

Exchange Rules Applicable

Except as modified herein, the rules in Chapters I through XIX, XXIV, XXIVA, and XXIVB will equally apply to GVZ options.

The Exchange is proposing that the margin requirements for GVZ options be set at the same levels that apply to equity options under Exchange Rule 12.3. Margin of up to 100% of the current market value of the option, plus 20% of the underlying volatility index value must be deposited and maintained. The pertinent provisions of Rule 12.3, Margin Requirements, have been amended to reflect these proposed revisions. Additional margin may be required pursuant to Exchange Rule 12.10.

The Exchange hereby designates GVZ options as eligible for trading as Flexible Exchange Options as provided for in Chapters XXIVA (Flexible Exchange Options) and XXIVB (FLEX Hybrid Trading System). The Exchange notes that GVZ FLEX Options will only expire on business days that non-FLEX options on Volatility Indexes expire. This is because the term "exercise settlement value" in Rules 24A.4(b)(3) and 24B.4(b)(3), *Special Terms for FLEX Index Options*, has the same meaning set forth in Rule 24.9(5). As is described earlier, the Exchange is proposing to amend Rule 24.9(a)(5) to provide that the exercise settlement value of GVZ options for all purposes under CBOE Rules will be calculated as the Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which GVZ options expire.

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 listing of new series that would result from the introduction of GVZ options.

Surveillance

The Exchange will use the same surveillance procedures currently utilized for each of the Exchange's other index options to monitor trading in GVZ options. The Exchange further represents that these surveillance procedures shall be adequate to monitor trading in options on these volatility indexes. For surveillance purposes, the Exchange will have complete access to information regarding trading activity in the pertinent underlying securities.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)¹³ of the Securities Exchange Act (the "Act"), in general, and furthers the objectives of Section 6(b)(5)¹⁴ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system, and thereby will provide investors with the ability to invest in options based on an additional volatility index.

Item 4. 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.

Item 5. 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

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

change.

Item 6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period specified in Section 19(b)(2) of the Act¹⁵ for Commission consideration of the proposed rule change.

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

Not applicable.

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

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

Item 9. Exhibits

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

Exhibit 3. Product Specifications

¹⁵ 15 U.S.C. 78s(b)(2).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-CBOE-2010-018)

Dated: _____

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Proposed Rule Change to List and Trade CBOE Gold ETF Volatility Index Options

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 _____, 2010, 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

CBOE 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"), which will be cash-settled and will have European-style exercise. 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.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 purpose of this proposed rule change is to permit the Exchange to list and trade cash-settled, European-style options on the CBOE Gold ETF Volatility Index ("GVZ").

Index Design and Calculation

The calculation of GVZ is based on the VIX methodology applied to options on the SPDR Gold Trust ("GLD"). The index was introduced by CBOE on August 1, 2008 and has been disseminated in real-time on every trading day since that time.³

GVZ is an up-to-the-minute market estimate of the expected volatility of GLD calculated by using real-time bid/ask quotes of CBOE listed GLD options. GVZ uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected (implied) volatility.

For each contract month, CBOE will determine the at-the-money strike price. The Exchange will then select the at-the-money and out-of-the money series with non-zero bid prices and determine the midpoint of the bid-ask quote for each of these series. The midpoint quote of each series is then weighted so that the further away that series is from the at-the-money strike, the less weight that is accorded to the quote. Then, to compute the index level, CBOE will calculate a volatility measure for the nearby options and then for the second nearby options. This is done using the weighted mid-point of the prevailing bid-ask quotes

³ CBOE maintains a micro-site for GVZ options at: <http://www.cboe.com/gvz>.

See proposed amendment to Rule 24.9(a)(3).

for all included option series with the same expiration date. These volatility measures are then interpolated to arrive at a single, constant 30-day measure of volatility.⁴

CBOE will compute values for GVZ underlying option series on a real-time basis throughout each trading day, from 8:30 a.m. until 3:00 p.m. (CT). GVZ levels will be calculated by CBOE and disseminated at 15-second intervals to major market data vendors.

Options Trading

GVZ options will be quoted in index points and fractions and one point will equal \$100. The minimum tick size for series trading below \$3 will be 0.05 (\$5.00) and above \$3 will be 0.10 (\$10.00). Exhibit 3 presents contract specifications for GVZ options.

The Exchange is proposing to permit 1 point or greater strike price intervals on GVZ options.⁵ The Exchange believes that 1 point strike price intervals will provide investors with greater flexibility by allowing them to establish positions that are better tailored to meet their investment objectives.

Initially, 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 price of the calculated forward value of GVZ, and LEAPS series. As for additional series, either 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 open 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. The Exchange will not be permitted to 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

⁴ See proposed amendment to Interpretation and Policy .01 to Rule 24.1 (designating the Exchange as the reporting authority for GVZ).

⁵ See proposed addition to Interpretation and Policy .01(a) of GVZ to the existing list of options for which \$2.50 strike price intervals are permitted and proposed Interpretation and Policy .01(i) to Rule 24.9 permitting \$1 strike price intervals for GVZ options.

month. The Exchange will not be permitted to list LEAPS on GVZ options at strike price intervals less than 1 point.

The Exchange is proposing to add new Interpretation and Policy .14 to Rule 5.5, Series of Option Contracts Open for Trading, which will be an internal cross reference stating that the intervals between strike prices for GVZ option series will be determined in accordance with proposed new Interpretation and Policy .01(i) to Rule 24.9.

Exercise and Settlement

The proposed options will typically expire on the Wednesday that is 30 days prior to the third Friday of the calendar month immediately following the expiration month (the expiration date of the options used in the calculation of the index).⁶ If the third Friday of the calendar month immediately following the expiring month is a CBOE holiday, the expiration date will be 30 days prior to the CBOE business day immediately preceding that Friday. For example, June 2010 GVZ options would expire on Wednesday, June 16, 2010, exactly 30 days prior to the third Friday of the calendar month immediately following the expiring month. Trading in the expiring contract month will normally cease at 3:00 pm (CT) on the business day immediately preceding the expiration date.⁷ Exercise will result in delivery of cash on the business day following expiration. GVZ options will be A.M.-settled.⁸ The exercise settlement value will be determined by a Special Opening Quotations ("SOQ") of GVZ calculated from the sequence of opening prices of a single strip of options expiring 30 days after the settlement date. The opening price for any series in which there are is no trade

⁶ See proposed amendment to Rule 24.9(a)(3) (adding GVZ to list of European-style index options approved for trading on the Exchange).

⁷ See proposed amendment to Rule 24.6, Days and Hours of Business.

⁸ See proposed amendment to Rule 24.9(a)(4) (adding GVZ to the list of A.M.-settled index options approved for trading on the Exchange).

shall be the average of that options' bid price and ask price as determined at the opening of trading.⁹

The exercise-settlement amount will be equal to the difference between the exercise-settlement value and the exercise price of the option, multiplied by \$100. When the last trading day is moved because of a CBOE holiday, the last trading day for expiring options will be the day immediately preceding the last regularly-scheduled trading day.

Position and Exercise Limits

For regular options trading, the Exchange is proposing to establish position limits for GVZ options at 50,000 contracts on either side of the market and no more than 30,000 contracts in the nearest expiration month.¹⁰ CBOE believes that a 50,000 contract position limit is appropriate due to the fact that GLD options, which are the underlying components for GVZ, are among the most actively traded option classes currently listed. Industry-wide, GLD ranked as the 13th most active options class in 2009, averaging 136,000 contracts per day. On CBOE, GLD was the 12th most active options trading class in 2009, averaging over 50,000 contracts per day. In determining compliance with these proposed position limits, GVZ options will not be aggregated with GLD options. Positions in Short Term Option Series, Quarterly Options Series, and Delayed Start Option Series will be aggregated with position in options contracts in the same GVZ class. Exercise limits will be the equivalent to the proposed position limits.¹¹ GVZ options will be subject to the same reporting requirements triggered for other options dealt in on the Exchange.¹²

⁹ See proposed amendment to Rule 24.9(a) (5) (adding GVZ to the provision setting forth the method of determining the day that the exercise settlement value is calculated and of determining the expiration date and the last trading day for CBOE Volatility Index Options). The Exchange is also proposing to make technical changes to this rule provision as well.

¹⁰ See proposed amendment to Rule 24.4, Position Limits for Broad-Based Index Options.

¹¹ See Rule 24.5, Exercise Limits, which provides that exercise limits are equivalent to position limits.

¹² See Rule 4.13, Reports Related to Position Limits.

For FLEX options trading, the Exchange is proposing that the position limits for FLEX GVZ Options will be equal to the position limits for Non-FLEX GVZ Options established pursuant to Rule 24.4.¹³ Similarly, the Exchange is proposing that the exercise limits for FLEX GVZ Options will be equivalent to the position limits established pursuant to Rule 24.4.¹⁴ The proposed position and exercise limits for FLEX GVZ Options are consistent with the treatment of position and exercise limits for other Flex Index Options. The Exchange is also proposing to add new subparagraph (4) to Rules 24A.7(d) and 24B.7(d) to provide that 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.

Exchange Rules Applicable

Except as modified herein, the rules in Chapters I through XIX, XXIV, XXIVA, and XXIVB will equally apply to GVZ options.

The Exchange is proposing that the margin requirements for GVZ options be set at the same levels that apply to equity options under Exchange Rule 12.3. Margin of up to 100% of the current market value of the option, plus 20% of the underlying volatility index value must be deposited and maintained. The pertinent provisions of Rule 12.3, Margin Requirements, have been amended to reflect these proposed revisions. Additional margin may be required pursuant to Exchange Rule 12.10.

¹³ See proposed amendments to Rules 24A.7 and 24B.7, Position Limits and Reporting Requirements.

¹⁴ See proposed amendments to Rules 24A.8 and 24B.8, Exercise Limits.

The Exchange hereby designates GVZ options as eligible for trading as Flexible Exchange Options as provided for in Chapters XXIVA (Flexible Exchange Options) and XXIVB (FLEX Hybrid Trading System). The Exchange notes that GVZ FLEX Options will only expire on business days that non-FLEX options on Volatility Indexes expire. This is because the term "exercise settlement value" in Rules 24A.4(b)(3) and 24B.4(b)(3), *Special Terms for FLEX Index Options*, has the same meaning set forth in Rule 24.9(5). As is described earlier, the Exchange is proposing to amend Rule 24.9(a)(5) to provide that the exercise settlement value of GVZ options for all purposes under CBOE Rules will be calculated as the Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the month in which GVZ options expire.

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 listing of new series that would result from the introduction of GVZ options.

Surveillance

The Exchange will use the same surveillance procedures currently utilized for each of the Exchange's other index options to monitor trading in GVZ options. The Exchange further represents that these surveillance procedures shall be adequate to monitor trading in options on these volatility indexes. For surveillance purposes, the Exchange will have complete access to information regarding trading activity in the pertinent underlying securities..

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b)¹⁵ of the Act, in general, and furthers the objectives of Section 6(b)(5)¹⁶ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system, and thereby will provide investors with the ability to invest in options based on an additional volatility index.

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

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

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-2010-018 on the subject line.

Paper comments:

Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2010-018. 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-2010-018 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Dated: _____

Florence E. Harmon
Deputy Secretary

¹⁷ 17 CFR 200.30-3(a)(12).

EXHIBIT 3**Contract Specification for CBOE Gold ETF Volatility Index Options****Symbol:**

GVZ

Description:

The CBOE Gold ETF Volatility Index (Ticker: *GVZ*) is an up-to-the-minute market estimate of expected 30-day volatility of gold prices. Calculation of the index is based on the CBOE Volatility Index (VIX) methodology, applied to options on SPDR Gold Shares (GLD). The CBOE Gold Volatility Index uses real-time bid/ask quotes of nearby and second nearby options with at least 8 days left to expiration, and weights these options to yield a constant, 30-day measure of expected volatility.

Multiplier:

\$100.

Strike Price Intervals:

Minimum strike price intervals of not less than 1 point are permissible, subject to certain conditions. See Rule 24.9.01(i).

Strike (Exercise) Prices:

In-, at- and out-of-the-money strike prices are initially listed. New strikes can be added as the calculated forward value of the index moves up or down and upon request.

Premium Quotation:

Stated in points and fractions, one point equals \$100. Minimum tick for series trading below \$3 is 0.05 (\$5.00); above \$3 is 0.10 (\$10.00).

Expiration Date:

The Wednesday that is thirty days prior to the third Friday of the calendar month immediately following the expiring month. If the third Friday of the calendar month immediately following the expiring month is a CBOE holiday, the Expiration Date for the contract shall be thirty days prior to the CBOE business day immediately preceding that Friday. See Rule 24.9(a)(5).

Expiration Months:

Up to three near-term months plus up to three additional months on the February quarterly cycle. LEAPS may also be listed.

Exercise Style:

European – *GVZ* options generally may be exercised only on the Expiration Date.

Last Trading Day:

The business day prior to the Expiration Date of each month.

Settlement of Option Exercise:

The exercise-settlement value for options on GVZ shall be a Special Opening Quotation (SOQ) of GVZ calculated from the sequence of opening prices of a single strip of GLD options expiring 30 days after the settlement date. 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. Exercise will result in delivery of cash on the business day following expiration. The exercise-settlement amount is equal to the difference between the exercise-settlement value and the exercise price of the option, multiplied by \$100.

Position and Exercise Limits:

50,000 contracts on either side of the market and no more than 30,000 contracts in the nearest expiration month.

Margin:

Purchases of puts or calls with 9 months or less until expiration must be paid for in full. Writers of uncovered puts or calls must deposit / maintain 100% of the option proceeds* plus 20% of the aggregate contract value (current index level x \$100) minus the amount by which the option is out-of-the-money, if any, subject to a minimum for calls of option proceeds* plus 10% of the aggregate contract value and a minimum for puts of option proceeds* plus 10% of the aggregate exercise price amount. (*For calculating maintenance margin, use option current market value instead of option proceeds.) Additional margin may be required pursuant to Exchange Rule 12.10.

CUSIP Number:

TBD

Trading Hours:

8:30 a.m. to 3:00 p.m. Central Time (Chicago time).