

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)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters).
CBOE is proposing to amend its rule related to multi-class broad-based index option spreads to include options on index-linked securities (also known as exchange-traded notes ("ETNs")) within the definition of an eligible "broad-based index option."

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 Last Name
 Title
 E-mail
 Telephone Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date
 By Assistant Secretary
 (Name) (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

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

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document
:

Exhibit 3 - Form, Report, or Questionnaire

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document
:

Exhibit 4 - Marked Copies

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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

Item 1. Text of the Proposed Rule Change

(a) The Chicago Board Options Exchange, Incorporated (“CBOE” or the “Exchange”) is proposing to amend its rule related to multi-class broad-based index option spreads to include options on index-linked securities (also known as exchange-traded notes (“ETNs”)) within the definition of an eligible “broad-based index option.” The text of the proposed rule change is provided below (additions are underlined and deletions are [bracketed]).

* * * * *

Chicago Board Options Exchange, Incorporated

Rules

* * * * *

Rule 24.19 - Multi-Class Broad-Based Index Option Spread Orders

RULE 24.19. (a) (1) For purposes of this Rule 24.19 only, the term “Broad-Based Index Option” shall mean (i) options on the Mini-NDX Index (MNX), Nasdaq-100 Index (NDX), S&P 100 Index (OEX and XEO), iShares S&P 100 Index Fund (OEF), Nasdaq-100 Tracking Stock (QQQ), and S&P 500 Index (SPX); and (ii) any other broad-based index option, [or] option on [exchange-traded fund shares] a Unit (or ETF) as defined under Interpretation and Policy .06 to Rule 5.3, or option on an Index-Linked Security (or ETN) as defined under Interpretation and Policy .13 to Rule 5.3, that is derived from a broad-based index that is determined by the Exchange to create an appropriate hedge with any other Broad-Based Index Option under this Rule 24.19.

* * * * *

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The CBOE’s Office of the Chairman pursuant to delegated authority approved the proposed rule change on February 8, 2010. 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 Jennifer Lamie, (312) 786-7576.

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

(a) Purpose

The Securities and Exchange Commission ("Commission") has approved CBOE's and other option exchanges' proposals to enable the listing and trading of options on ETNs.¹ Options trading has not commenced to date and is contingent upon the Commission's approval of The Options Clearing Corporation's ("OCC") proposed supplement to the Options Disclosure Document ("ODD") that will provide disclosure regarding options on index-linked securities.²

Prior to the commencement of trading options on ETNs, the Exchange is proposing to amend CBOE Rule 24.19, Multi-Class Broad-Based Index Option Spread Orders, to include options on ETNs within the definition of an eligible "broad-based index option" that may be subject to the multi-class spread trading procedures outlined in Rule 24.19.³ Specifically, the definition of an eligible broad-based index option for purposes of Rule 24.19 will be

¹ See e.g., Securities Exchange Act Release Nos. 58204 (July 22, 2008), 73 FR 43807 (July 28, 2008) (approving SR-CBOE-2008-64); 58203 (July 22, 2008), 73 FR 43812 (July 28, 2008) (approving SR-NYSEArca-2008-57); 58985 (November 10, 2008), 73 FR 72538 (November 28, 2008) (approving SR-ISE-2008-86).

² OCC previously received Commission approval to clear options based on Index-Linked Securities. See Securities Exchange Act Release No. 60872 (October 23, 2009), 74 FR 55878 (October 29, 2009) (SR-OCC-2009-14).

³ Rule 24.19 sets for a procedure for trading multi-class spread orders for eligible broad-based index option classes. For purposes of Rule 24.19 only, the term "broad-based index option" means "(i) options on the Mini-NDX Index (MNX), Nasdaq-100 Index (NDX), S&P 100 Index (OEX and XEO), iShares S&P 100 Index Fund (OEF), Nasdaq-100 Tracking Stock (QQQ), and S&P 500 Index (SPX); and (ii) any other broad-based index option or option on exchange-traded fund shares derived from a broad-based index that is determined by the Exchange to create an appropriate hedge with any other Broad-Based Index Option under this Rule 24.19." See Rule 24.19(a)(1).

amended to include an option on an ETN derived from a broad-based index that is determined by the Exchange to create an appropriate hedge with any other broad-based index option under Rule 24.19. This change to include ETNs is the same as an existing provision in the rule that provides that options on Units (also known as exchange-traded funds (“ETFs”)) that are derived from broad-based indices that are determined by the Exchange to create an appropriate hedge with any other broad-based index option may be subject to the multi-class spread trading procedures.⁴

Without discounting the differences between ETFs and ETNs, the Exchange seeks to extend the trading conventions applicable to options on ETFs to options on ETNs. CBOE contends that the inclusion of options on ETNs within the broad-based index option definition for purposes of the multi-class broad-based index option spread trading procedures is consistent with what is currently permitted for options on ETFs.⁵

(b) Statutory Basis

The basis under the Securities Exchange Act of 1934 (the “Act”) for this proposed rule change is the requirement under Section 6(b)(5)⁶ that an exchange have rules that are designed to promote just and equitable principles of trade, and to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest. In particular, the proposed rule change seeks to extend the application of the multi-class broad-based index option spread trading

⁴ The Exchange is also proposing a non-substantive change to the text of Rule 24.19(a)(1) to include a cross-reference to Units (another term for ETFs), which is defined under Interpretation and Policy .06 to CBOE Rule 5.3.

⁵ Id.

⁶ 15 U.S.C. 78f(b)(5).

procedures under CBOE Rule 24.19 to ETNs in a matter that is consistent with what is currently permitted for ETFs.

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

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

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

The Exchange neither solicited nor received comments on the proposal.

Item 6. Extension of Time Period for Commission Action

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

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

(a) The proposed rule change has taken effect upon filing pursuant to Section 19(b)(3)(A) of the Act.⁷

(b) The Exchange asserts that the proposed rule change does not (i) significantly affect the protection of investors or the public interest, (ii) impose any significant burden on competition, and (iii) become operative for 30 days after 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. Additionally, the Exchange has given the Commission written notice of its intent to file the proposed rule change prior to the date of the filing of the

⁷ 15 U.S.C. 78s(b)(3)(A).

proposed rule change. For the foregoing reasons, the proposed rule change qualifies as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act.⁸

The Exchange requests that the Commission waive the 30-day period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective so that the multi-class broad-based index option spread trading procedures can be made available for options on ETNs upon the commencement of trading of options on ETNs. The proposed rule change would treat ETNs in the same manner that ETFs are already treated under the existing provisions of Rule 24.19. As a result, CBOE believes that its proposed rule change is non-controversial because it does not present any new, unique or substantive issues and waiver of the 30-day period specified in Rule 19b-4(f)(6) will allow the Exchange to immediately implement the change.

(c) Not applicable.

(d) Not applicable.

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

Not Applicable.

Item 9. Exhibits

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

⁸ 17 CFR 240.19b-4(f)(6).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-CBOE-2010-019)

Dated: _____

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Multi-Class Broad-Based Index Option Spread Orders

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 Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is proposing to amend its rule related to multi-class broad-based index option spreads to include options on index-linked securities (also known as exchange-traded notes (“ETNs”)) within the definition of an eligible “broad-based index option.” The text of the proposed rule change is available on the Exchange’s website (www.cboe.org/Legal), at the Exchange’s Office of the Secretary and at the Commission.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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 Commission has approved CBOE's and other option exchanges' proposals to enable the listing and trading of options on ETNs.⁵ Options trading has not commenced to date and is contingent upon the Commission's approval of The Options Clearing Corporation's ("OCC") proposed supplement to the Options Disclosure Document ("ODD") that will provide disclosure regarding options on index-linked securities.⁶

Prior to the commencement of trading options on ETNs, the Exchange is proposing to amend CBOE Rule 24.19, Multi-Class Broad-Based Index Option Spread Orders, to include options on ETNs within the definition of an eligible "broad-based index option" that may be

⁵ See e.g., Securities Exchange Act Release Nos. 58204 (July 22, 2008), 73 FR 43807 (July 28, 2008) (approving SR-CBOE-2008-64); 58203 (July 22, 2008), 73 FR 43812 (July 28, 2008) (approving SR-NYSEArca-2008-57); 58985 (November 10, 2008), 73 FR 72538 (November 28, 2008) (approving SR-ISE-2008-86).

⁶ OCC previously received Commission approval to clear options based on Index-Linked Securities. See Securities Exchange Act Release No. 60872 (October 23, 2009), 74 FR 55878 (October 29, 2009) (SR-OCC-2009-14).

subject to the multi-class spread trading procedures outlined in Rule 24.19.⁷ Specifically, the definition of an eligible broad-based index option for purposes of Rule 24.19 will be amended to include an option on an ETN derived from a broad-based index that is determined by the Exchange to create an appropriate hedge with any other broad-based index option under Rule 24.19. This change to include ETNs is the same as an existing provision in the rule that provides that options on Units (also known as exchange-traded funds (“ETFs”)) that are derived from broad-based indices that are determined by the Exchange to create an appropriate hedge with any other broad-based index option may be subject to the multi-class spread trading procedures.⁸

Without discounting the differences between ETFs and ETNs, the Exchange seeks to extend the trading conventions applicable to options on ETFs to options on ETNs. CBOE contends that the inclusion of options on ETNs within the broad-based index option definition for purposes of the multi-class broad-based index option spread trading procedures is consistent with what is currently permitted for options on ETFs.⁹

⁷ Rule 24.19 sets for a procedure for trading multi-class spread orders for eligible broad-based index option classes. For purposes of Rule 24.19 only, the term “broad-based index option” means “(i) options on the Mini-NDX Index (MNX), Nasdaq-100 Index (NDX), S&P 100 Index (OEX and XEO), iShares S&P 100 Index Fund (OEF), Nasdaq-100 Tracking Stock (QQQ), and S&P 500 Index (SPX); and (ii) any other broad-based index option or option on exchange-traded fund shares derived from a broad-based index that is determined by the Exchange to create an appropriate hedge with any other Broad-Based Index Option under this Rule 24.19.” See Rule 24.19(a)(1).

⁸ The Exchange is also proposing a non-substantive change to the text of Rule 24.19(a)(1) to include a cross-reference to Units (another term for ETFs), which is defined under Interpretation and Policy .06 to CBOE Rule 5.3.

⁹ Id.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)¹⁰ that an exchange have rules that are designed to promote just and equitable principles of trade, and to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest. In particular, the proposed rule change seeks to extend the application of the multi-class broad-based index option spread trading procedures under CBOE Rule 24.19 to ETNs in a matter that is consistent with what is currently permitted for ETFs.

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

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 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

¹⁰ 15 U.S.C. 78f(b)(5).

rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹² 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. Please include File Number SR-CBOE-2010-019 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-2010-019. 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

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

<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-2010-019 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.¹³

Florence E. Harmon
Deputy Secretary

Dated: _____

¹³ 17 CFR 200.30-3(a)(12).