

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"/>
			Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input 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 proposes to amend its guarantees and profit sharing, confirmation to customers and its options communication rules to harmonize its requirements with those of the Financial Industry Regulatory Authority ("FINRA").

Contact Information
Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name	<input type="text" value="Andrew"/>	Last Name	<input type="text" value="Spiwak"/>
Title	<input type="text" value="Assistant Corporate Secretary"/>		
E-mail	<input type="text" value="spiwak@cboe.com"/>		
Telephone	<input type="text" value="(312) 786-7483"/>	Fax	<input type="text" value="(312) 786-7919"/>

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date

By Assistant Corporate 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 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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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

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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

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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 Proposed Rule Change

(a) Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to amend its guarantees and profit sharing, confirmation to customers and its options communication rules to harmonize its requirements with those of the Financial Industry Regulatory Authority ("FINRA"). The text of the proposed rule change is provided below by underlining additions and [bracketing deletions].

(b) Not applicable.

(c) Not applicable.

* * * * *

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Exchange's Office of the Chairman, pursuant to delegated authority, on March 25, 2010. No further action is required.

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

(a) Purpose

Pursuant to Rule 17d-2 under the Securities Exchange Act of 1934, The BATS Exchange, Inc. ("BATS"), CBOE, C2 Options Exchange, Incorporated ("C2"), the International Securities Exchange, LLC ("ISE"), FINRA, the New York Stock Exchange LLC ("NYSE"), NYSE Amex LLC ("Amex"), NYSE Arca, Inc. ("Arca"), The NASDAQ Stock Market LLC ("NASDAQ"), NASDAQ OMX BX, Inc. ("BX"), and NASDAQ OMX PHLX, Inc. ("Phlx"), (collectively the "Options Self Regulatory Council"), entered into an agreement

dated February 9, 2010 (the “17d-2 Agreement”) to allocate regulatory responsibility for common rules. By this proposal, the Exchange seeks to harmonize its ‘Sharing in Accounts’ rule with FINRA’s rule for purposes of the 17d-2 Agreement.

In order to maintain substantial similarity with FINRA rules, the Exchange proposes to add language to CBOE Rule 9.18(a) clarify that the prohibition against guarantees also applies to persons associated with a member and to delete the language of CBOE Rule 9.18 related to profit sharing of a customer account, and replace it with the language of FINRA 2150(c), Sharing in Accounts; Extent Permissible. FINRA Rule 2150(c) contains the same prohibition against sharing in accounts as CBOE Rule 9.18, but with additional limited exceptions. The general prohibition contained in CBOE Rule 9.18 against sharing in the profits or losses of a customer account is currently covered by the 17d-2 Agreement. However, the limited exceptions of FINRA Rule 2150(c) are not covered by the 17d-2 Agreement. The Exchange proposes to add those limited exceptions in order to harmonize its rule with the FINRA rule and add those limited exceptions to the 17d-2 Agreement. The portion of the rule prohibiting the guarantee of a customer against loss will remain in place.

Additionally, CBOE proposes to amend its options communication rule, CBOE Rule 9.21 to harmonize it with FINRA Rule 2220 and NASD Rule 2210(a)(2) by deleting the term “market letters” in the definition of “sales literature” and placing the term “market letters” in the definition of “correspondence”.

Finally, CBOE proposes to amend its confirmation rule, CBOE Rule 9.11 to harmonize it with FINRA Rule 2360(b)(12), by adding a requirement that confirmations disclose whether the transaction was an opening or closing transaction.

(b) Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”), in general, and furthers the objectives of Section 6(b)(5)¹. 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 mechanisms of a free and open market and a national market system. Specifically, the changes proposed herein, by harmonizing CBOE rules with FINRA rules, provide CBOE Members with a clearer regulatory scheme. The Exchange further notes that the changes proposed herein are neither novel nor controversial and are modeled on existing FINRA rules.

The basis under the Securities Exchange Act of 1934 (the “Act”) for this proposed rule change is the requirement under Section 6(b)(5)² 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.

¹ 15 U.S.C. 78f(b)(5).

² 15 U.S.C. 78f(b)(5).

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

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

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 change.

Item 6. Extension of Time Period for Commission Action

Not applicable.

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 will become effective upon filing pursuant to Section 19(b)(3)(A)³ of the Act and SEC Rule 19b-4(f)(6)⁴ thereunder.

(b) The Exchange asserts that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on competition, and (iii) by its terms, will not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. The Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change.⁵ For the foregoing reasons, this rule filing qualifies for

³ 15 U.S.C. 78s(b)(3)(A).

expedited effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 of the Act.⁵

The Exchange provided a copy of this rule filing to the Commission prior to filing and requests that the Commission waive the 5-day pre-filing time period. The Exchange respectfully requests that the Commission waive the 30 day period for this filing to become operative so that it may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A)6 of the Act and subparagraph (f)(6) of Rule 19b-4 thereunder. Waiver of the 30-day operative delay will ensure substantially similar rules are operative during the same time period.

At any time within 60 days after the filing of the proposed rule change, the Commission may summarily abrogate the rule change if it appears to the Commission 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.

The Exchange further notes that the changes proposed herein are neither novel nor controversial and are modeled on existing FINRA rules.

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

This proposed rule change is based on FINRA Rules 2150(c), 2220 and NASD Rule 2210(a)(2).

Item 9. Exhibits

⁴ 17 CFR 240.19b-4(f)(6).

⁵ 17 CFR 240.19b-4(f)(6).

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-CBOE-2010-035)

Dated: _____

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Amending CBOE Rules 9.11, 9.18 and 9.21 to Correspond and Harmonize with Rules of the Financial Industry Regulatory Authority, Inc.

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 proposes to amend its guarantees and profit sharing, confirmation to customers and its options communication rules to harmonize its requirements with those of the Financial Industry Regulatory Authority (“FINRA”). The text of the proposed rule change is

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).

available on the Exchange's website (www.cboe.org/Legal), at the Exchange's Office of the Secretary and at the Commission.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

Pursuant to Rule 17d-2 under the Securities Exchange Act of 1934, The BATS Exchange, Inc. ("BATS"), CBOE, C2 Options Exchange, Incorporated ("C2"), the International Securities Exchange, LLC ("ISE"), FINRA, the New York Stock Exchange LLC ("NYSE"), NYSE Amex LLC ("Amex"), NYSE Arca, Inc. ("Arca"), The NASDAQ Stock Market LLC ("NASDAQ"), NASDAQ OMX BX, Inc. ("BX"), and NASDAQ OMX PHLX, Inc. ("Phlx"), (collectively the "Options Self Regulatory Council"), entered into an agreement dated February 9, 2010 (the "17d-2 Agreement") to allocate regulatory responsibility for common rules. By this proposal, the Exchange seeks to harmonize its 'Sharing in Accounts' rule with FINRA's rule for purposes of the 17d-2 Agreement.

In order to maintain substantial similarity with FINRA rules, the Exchange proposes to add language to CBOE Rule 9.18(a) clarify that the prohibition against guarantees also applies to persons associated with a member and to delete the language of CBOE Rule 9.18

related to profit sharing of a customer account, and replace it with the language of FINRA 2150(c), Sharing in Accounts; Extent Permissible. FINRA Rule 2150(c) contains the same prohibition against sharing in accounts as CBOE Rule 9.18, but with additional limited exceptions. The general prohibition contained in CBOE Rule 9.18 against sharing in the profits or losses of a customer account is currently covered by the 17d-2 Agreement. However, the limited exceptions of FINRA Rule 2150(c) are not covered by the 17d-2 Agreement. The Exchange proposes to add those limited exceptions in order to harmonize its rule with the FINRA rule and add those limited exceptions to the 17d-2 Agreement. The portion of the rule prohibiting the guarantee of a customer against loss will remain in place.

Additionally, CBOE proposes to amend its options communication rule, CBOE Rule 9.21 to harmonize it with FINRA Rule 2220 and NASD Rule 2210(a)(2) by deleting the term “market letters” in the definition of “sales literature” and placing the term “market letters” in the definition of “correspondence”.

Finally, CBOE proposes to amend its confirmation rule, CBOE Rule 9.11 to harmonize it with FINRA Rule 2360(b)(12), by adding a requirement that confirmations disclose whether the transaction was an opening or closing transaction.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”), in general, and furthers the objectives of Section 6(b)(5)⁵. 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

⁵ 15 U.S.C. 78f(b)(5).

perfect the mechanisms of a free and open market and a national market system. Specifically, the changes proposed herein, by harmonizing CBOE rules with FINRA rules, provide CBOE Members with a clearer regulatory scheme. The Exchange further notes that the changes proposed herein are neither novel nor controversial and are modeled on existing FINRA rules.

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.

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

⁶ 15 U.S.C. 78f(b)(5).

the proposed rule change or such shorter time as designated by the Commission, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁷ and Rule 19b-4(f)(6) thereunder.⁸ 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-2010-035 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-2010-035. 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

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

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-2010-035 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.⁹

Florence E. Harmon
Deputy Secretary

Dated: _____

⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5 TO SR-CBOE-2010-035

(Underlining indicates material to be added and brackets [] indicate material to be deleted.)

Chicago Board Options Exchange, Incorporated

* * * * *

Rule 9.18. [Guarantees and Profit Sharing]Prohibition Against Guarantees and Sharing in Accounts

(a) *Prohibition Against Guarantees.* No member organization or person associated with a member shall guarantee a customer against loss in his account or in any transaction effected with or for such customer.

(b)[*Restriction on Profit Sharing.* No member organization, Registered Options Principal, Registered Representative, or officer, partner or branch office manager of the member organization shall share directly or indirectly in the profits or losses in any customer's account, whether carried by such member organization or any other member organization, without the prior written consent of the member organization carrying the account. Where such consent is obtained, the member organization, Registered Options Principal, Registered Representative, officer, partner or branch office manager shall share in the profits or losses in such account only in direct proportion to the financial contribution made to the account by such person.] *Sharing in Accounts; Extent Permissible*

(1)(A) Except as provided in paragraph (2), no member or person associated with a member shall share directly or indirectly in the profits or losses in any account of a customer carried by the member or any other member; provided, however, that a member or person associated with a member may share in the profits or losses in such an account if:

(i) such person associated with a member obtains prior written authorization from the member employing the associated person;

(ii) such member or person associated with a member obtains prior written authorization from the customer; and

(iii) such member or person associated with a member shares in the profits or losses in any account of such customer only in direct proportion to the financial contributions made to such account by either the member or person associated with a member.

(B) Exempt from the direct proportionate share limitation of paragraph (1)(A)(iii) are accounts of the immediate family of such member or person associated with a member. For purposes of this Rule, the term "immediate family" shall include parents, mother-in-law or father-in-law, husband or wife, children or any relative to whose support the member or person associated with a member otherwise contributes directly or indirectly.

(2) Notwithstanding the prohibition of paragraph (1), a member or person associated with a member that is acting as an investment adviser may receive compensation based on a share in profits or gains in an account if:

(A) such person associated with a member seeking such compensation obtains prior written authorization from the member employing the associated person;

(B) such member or person associated with a member seeking such compensation obtains prior written authorization from the customer; and

(C) all of the conditions in Rule 205-3 of the Investment Advisers Act (as the same may be amended from time to time) are satisfied.

* * * * *

Rule 9.21. Options Communications

(a) *Definitions.* For purposes of this Rule and any interpretation thereof, "options communications" consist of:

* * * * *

(ii) Sales Literature. The term "sales literature" shall include any written or electronic communication concerning options other than an advertisement, independently prepared reprint, institutional sales material and correspondence, that is generally available to customers or the public, including circulars, research reports, [market letters,]performance reports or summaries, worksheets, form letters, telemarketing scripts, seminar texts, reprints (that are not independently prepared reprints) or excerpts of any other advertisement, sales literature or published article and press release concerning a member's products or services.

(iii) Correspondence. The term "correspondence" shall include any written letter[or], electronic mail message or market letter distributed by a member to: (A) one of more of its existing retail customers; and (B) fewer than 25 prospective retail customers within any 30 calendar-day period.

* * * * *

Rule 9.11. Confirmation to Customers

Every member organization shall promptly furnish to each customer a written confirmation of each transaction in option contracts which shall show the underlying security type of option expiration month, exercise price, number of option contracts, premium, commissions, date of transaction and settlement date, and shall indicate whether the transaction is a purchase or sale, whether the transaction was an opening or a closing transaction and whether a principal or agency transaction. The confirmation shall by appropriate symbols distinguish between Exchange transactions and other transactions in option contracts though such confirmation does not need to specify the exchange or exchanges on which such option contracts were executed.