

OMB APPROVAL	
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Page 1 of <input type="text" value="15"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No. SR - <input type="text" value="2010"/> - <input type="text" value="055"/> Amendment No. <input type="text"/>
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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 checked="" type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>			<input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4)		
Date Expires <input type="text"/>			<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 trading procedures on a pilot basis for individual equity options overlying certain stocks.

**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 EFFF 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) The Chicago Board Options Exchange, Incorporated (“CBOE” or the “Exchange”) is proposing to amend its trading procedures on a pilot basis for individual equity options overlying certain stocks. The text of the proposed rule change is provided below (additions are underlined).

\* \* \* \* \*

Chicago Board Options Exchange, Incorporated  
Rules

\* \* \* \* \*

Rule 6.3 – Trading Halts

\* \* \* \* \*

... Interpretations and Policies:

\* \* \* \* \*

.06 If a primary listing market issues an individual stock trading pause in an eligible underlying stock, the Exchange will halt trading in options on that stock until trading has resumed on the primary listing market for the stock. If, however, trading has not resumed on the primary listing market for the stock after ten minutes have passed since the individual stock trading pause message has been received from the responsible single plan processor, the Exchange may resume trading in the options if at least one market has resumed trading in the stock.

(a) Upon receipt of a trading pause message from the single plan processor responsible for consolidation of information for the stock, the Exchange will automatically implement a trading halt in the overlying options traded on the Exchange.

(b) During the halt, the Exchange will maintain existing orders in the Book, accept orders, and process cancels.

(c) Upon reopening, a rotation shall be held in the options in accordance with Rule 6.2B, unless the Exchange concludes that a different method of reopening is appropriate under the circumstances, including but not limited to, no rotation, an abbreviated rotation or any other variation in the manner of the rotation.

(d) Nothing in this Rule shall be construed to limit the ability of the Exchange to halt or suspend trading in any security or securities traded on the Exchange pursuant to any other Exchange rule or policy.

\* \* \* \* \*

(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 June 10, 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 primary listing markets for U.S. stocks are in the process of amending their rules so that they may, from time to time, issue a trading pause for an individual stock if the price of such stock moves 10% or more from a sale in a preceding five-minute period. The Exchange is proposing the rule change described below in consultation with U.S. listing markets and the Securities and Exchange Commission ("Commission") staff to provide for uniform market-wide trading pause standards for certain individual stocks that experience rapid price movement and for individual equity options overlying those stocks.<sup>1</sup>

The Exchange proposes to add a new Interpretation and Policy .06 to Rule 6.3, Trading Halts, to provide that CBOE would halt trading in the options on a Circuit Breaker Stock, as defined below, when the primary listing market for such stock issues a trading pause. CBOE would resume trading in the options once trading has resumed on the primary listing market in the underlying Circuit Breaker Stock. If, however, trading has not resumed on the primary listing market in the underlying Circuit Breaker Stock after ten minutes have passed since the individual stock trading pause message has been received from the

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<sup>1</sup> The Exchange has separately proposed a rule change for CBOE Stock Exchange, the CBOE's stock trading facility ("CBSX"), to provide for uniform market-wide trading pause standards for individual stocks in the S&P 500 Index traded on CBSX. Securities Exchange Act Release No. 62132 (May 19, 2010), 75 FR 28847 (May 24, 2010) (SR-CBOE-2010-047).

responsible single plan processor, CBOE may resume trading in the options if at least one other market has resumed trading in the stock.

The proposed rule would apply to trading pauses issued by primary listing markets in “Circuit Breaker Stocks.” Specifically, on a pilot basis, set to end on December 10, 2010, Circuit Breaker Stocks would mean the stocks included in the S&P 500 Index and such other eligible underlying stocks as may be designated for inclusion in the pilot from time to time by the stock markets. Thus, proposed Interpretation and Policy .06 to Rule 6.3 would be in effect with respect to individual equity options overlying stocks in the S&P 500 Index and individual equity options overlying such other eligible underlying stocks as may be designated for inclusion in the pilot.

Upon receipt of a trading pause message from the single plan processor responsible for consolidation of information for the stock, the Exchange would automatically implement a trading halt in the overlying options traded on the Exchange. During the halt, the Exchange would maintain existing orders in the Book, continue accepting orders, and process cancels. In this regard the Exchange notes that, consistent with its existing rotation processes, the Exchange would accept opening-only orders during the halt, any unfilled portion of which would automatically cancel upon conclusion of the reopen.

Upon reopening, a rotation shall be held in the options on CBOE in accordance with Rule 6.2B, Hybrid Opening System (“HOSS”), unless the Exchange concludes that a different method of reopening is appropriate under the circumstances, including but not limited to, no rotation, an abbreviated rotation or any other variation in the manner of the rotation.

Lastly, nothing in the proposed Rule shall be construed to limit the ability of the Exchange to halt or suspend trading in any security or securities traded on the Exchange pursuant to any other Exchange rule or policy.

(b) Statutory Basis

Approval of the rule change proposed in this submission is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the “Act”) and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>2</sup> In particular, the proposed change is consistent with Section 6(b)(5) of the Act,<sup>3</sup> because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. The proposed rule change is also designed to support the principles of Section 11A(a)(1)<sup>4</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule meets these requirements in that it promotes transparency and uniformity across markets concerning decisions to pause trading in a stock and the individual equity options overlying that stock when there are significant price movements.

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.

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<sup>2</sup> 15 U.S.C. 78f(b).

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

<sup>4</sup> 15 U.S.C. 78k-1(a)(1).

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.<sup>5</sup>

(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 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.<sup>6</sup>

The Exchange requests that the Commission waive the 30-day operative delay of this filing so that the proposed rule is operative when the primary listing markets have the authority to issue trading pauses in individual stocks pursuant to new, coordinated rules. The Exchange believes that this amendment would increase transparency and uniformity regarding decisions to pause trading and reduce the negative impacts of sudden,

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

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

unanticipated price movements in eligible underlying stocks. In particular, the Exchange is proposing to adopt this rule filing to address the type of sudden price declines that the market experienced on the afternoon of May 6, 2010. As such, the Exchange does not believe that the proposal should be delayed so that it may become operative for the individual equity options at the same time that the primarily listing markets implement the pilot for eligible underlying stocks.

(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

The proposed rule change is based on the proposed rules of the primary listing markets for stock.

Item 9. Exhibits

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-CBOE-2010-055)

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

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Individual Equity Options Overlying Stocks Subject to Trading Pauses Due to Extraordinary Market Volatility

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

(the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on \_\_\_\_\_,

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 Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The CBOE is proposing to amend its trading procedures on a pilot basis for individual equity options overlying certain stocks. The text of the proposed rule change is available on the Exchange's website ([www.cboe.org/Legal](http://www.cboe.org/Legal)), at the Exchange's Office of the Secretary and at the Commission.

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

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

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

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

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 primary listing markets for U.S. stocks are in the process of amending their rules so that they may, from time to time, issue a trading pause for an individual stock if the price of such stock moves 10% or more from a sale in a preceding five-minute period. The Exchange is proposing the rule change described below in consultation with U.S. listing markets and the Commission staff to provide for uniform market-wide trading pause standards for certain individual stocks that experience rapid price movement and for individual equity options overlying those stocks.<sup>5</sup>

The Exchange proposes to add a new Interpretation and Policy .06 to Rule 6.3, Trading Halts, to provide that CBOE would halt trading in the options on a Circuit Breaker Stock, as defined below, when the primary listing market for such stock issues a trading pause. CBOE would resume trading in the options once trading has resumed on the primary

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<sup>5</sup> The Exchange has separately proposed a rule change for CBOE Stock Exchange, the CBOE's stock trading facility ("CBSX"), to provide for uniform market-wide trading pause standards for individual stocks in the S&P 500 Index traded on CBSX. Securities Exchange Act Release No. 62132 (May 19, 2010), 75 FR 28847 (May 24, 2010) (SR-CBOE-2010-047).

listing market in the underlying Circuit Breaker Stock. If, however, trading has not resumed on the primary listing market in the underlying Circuit Breaker Stock after ten minutes have passed since the individual stock trading pause message has been received from the responsible single plan processor, CBOE may resume trading in the options if at least one other market has resumed trading in the stock.

The proposed rule would apply to trading pauses issued by primary listing markets in "Circuit Breaker Stocks." Specifically, on a pilot basis, set to end on December 10, 2010, Circuit Breaker Stocks would mean the stocks included in the S&P 500 Index and such other eligible underlying stocks as may be designated for inclusion in the pilot from time to time by the stock markets. Thus, proposed Interpretation and Policy .06 to Rule 6.3 would be in effect with respect to individual equity options overlying stocks in the S&P 500 Index and individual equity options overlying such other eligible underlying stocks as may be designated for inclusion in the pilot.

Upon receipt of a trading pause message from the single plan processor responsible for consolidation of information for the stock, the Exchange would automatically implement a trading halt in the overlying options traded on the Exchange. During the halt, the Exchange would maintain existing orders in the Book, continue accepting orders, and process cancels. In this regard the Exchange notes that, consistent with its existing rotation processes, the Exchange would accept opening-only orders during the halt, any unfilled portion of which would automatically cancel upon conclusion of the reopen.

Upon reopening, a rotation shall be held in the options on CBOE in accordance with Rule 6.2B, Hybrid Opening System ("HOSS"), unless the Exchange concludes that a

different method of reopening is appropriate under the circumstances, including but not limited to, no rotation, an abbreviated rotation or any other variation in the manner of the rotation.

Lastly, nothing in the proposed Rule shall be construed to limit the ability of the Exchange to halt or suspend trading in any security or securities traded on the Exchange pursuant to any other Exchange rule or policy.

## 2. Statutory Basis

Approval of the rule change proposed in this submission is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>6</sup> In particular, the proposed change is consistent with Section 6(b)(5) of the Act,<sup>7</sup> because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. The proposed rule change is also designed to support the principles of Section 11A(a)(1)<sup>8</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule meets these requirements in that it promotes transparency and uniformity across markets concerning decisions to pause trading in a stock and the individual equity options overlying that stock when there are significant price movements.

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<sup>6</sup> 15 U.S.C. 78f(b).

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

<sup>8</sup> 15 U.S.C. 78k-1(a)(1).

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 rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and Rule 19b-4(f)(6) thereunder.<sup>10</sup> At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>);  
or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2010-055 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-2010-055. 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-2010-055 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.<sup>11</sup>

Florence E. Harmon  
Deputy Secretary

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

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<sup>11</sup> 17 CFR 200.30-3(a)(12).