

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"/>			<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).

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 Senior Attorney / 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 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 Rule 5.5.01 to expand the Exchange’s \$1 Strike Price Program (the “\$1 Strike Program” or “Program”) to allow the Exchange to select 150 individual stocks on which options may be listed at \$1 strike price intervals. The text of the proposed rule change is provided below with additions underlined and deletions [bracketed].

(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 The interval between strike prices of series of options on individual stocks may be:

a. The \$1 Strike Program.

(1) \$1.00 or greater (“\$1 strike prices”) provided the strike price is \$50.00 or less, but not less than \$1. Except as provided in subparagraph 3 below, the listing of \$1 strike prices shall be limited to options classes overlying no more than [55] 150 individual stocks as specifically designated by the Exchange. The Exchange may list \$1 strike prices on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar \$1 Strike Program under their respective rules.

(2) – (4) No change.

b. – e. No change.

.02 – 16 No change.

* * * * *

2. Procedures of the Self-Regulatory Organization

(a) The proposed rule change was approved by the Exchange's Office of the Chairman pursuant to delegated authority on June 2, 2010.

(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 Klebes at (312) 786-7466.

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 expand the \$1 Strike Program.¹

The \$1 Strike Program currently allows CBOE to select a total of 55 individual stocks on which option series may be listed at \$1 strike price intervals. In order to be eligible for selection into the Program, the underlying stock must close below \$50 in its primary market on the previous trading day. If selected for the Program, the Exchange may list strike prices at \$1 intervals from \$1 to \$50, but no \$1 strike price may be listed that is greater than \$5 from the underlying stock's closing price in its primary market on the previous day. The Exchange may also list \$1 strikes on any other option class

¹ The Commission approved the Program as a pilot on June 5, 2003. See Securities Exchange Act Release No. 47991 (June 5, 2003), 68 FR 35243 (June 12, 2003). The Program was subsequently extended through June 5, 2008. See Securities Exchange Act Release No. 49799 (June 3, 2004), 69 FR 32642 (June 10, 2004) (SR-CBOE-2004-34); SEC Release No. 51771 (May 31, 2005), 70 FR 33228 (June 7, 2005) (SR-CBOE-2005-37); SEC Release No. 53805 (May 15, 2006), 71 FR 29690 (May 23, 2006) (SR-CBOE-2006-31); and SEC Release No. 55673 (April 26, 2007), 72 FR 24646 (May 3, 2007) (SR-CBOE-2007-38). The Program was subsequently expanded and permanently approved in 2007. See Exchange Act Release No. 57049 (December 27, 2007), 73 FR 528 (January 3, 2008) (SR-CBOE-2007-125). The Program was last expanded in 2009. See Securities Exchange Act Release No. 59587 (March 17, 2009), 74 FR 12414 (March 24, 2009) (SR-CBOE-2009-01).

designated by another securities exchange that employs a similar Program under their respective rules. The Exchange may not list long-term option series (“LEAPS”)² at \$1 strike price intervals for any class selected for the Program, except as specified in subparagraph (2) to Interpretation and Policy .01 to Rule 5.5.³ The Exchange is also restricted from listing series with \$1 intervals within \$0.50 of an existing strike price in the same series, except that strike prices of \$2, \$3, and \$4 shall be permitted within \$0.50 of an existing strike price for classes also selected to participate in the \$0.50 Strike Program.⁴

The Exchange now proposes to expand the Program to allow CBOE to select a total of 150 individual stocks on which option series may be listed at \$1 strike price intervals. The existing restrictions on listing \$1 strikes would continue, *i.e.*, no \$1 strike price may be listed that is greater than \$5 from the underlying stock’s closing price in its primary market on the previous day, and CBOE is restricted from listing any series that would result in strike prices being \$0.50 apart (unless an option class is selected to participate in both the \$1 Strike Program and the \$0.50 Strike Program).

² LEAPS are long-term options that generally have up to thirty-nine months from the time they are listed until expiration. See Rule 5.8, Long-Term Equity Option Series (LEAPS®). Long-term FLEX options and index options are considered separately in Rules 24A.4, 24B.4 and 24.9(b), respectively.

³ Interpretation and Policy .01(a)(3) states that the Exchange may list \$1 strike prices up to \$5 in LEAPS in up to 200 option classes in individual stocks. See Securities Exchange Act Release No. 60978 (November 10, 2009), 74 FR 59296 (November 17, 2009) (SR-CBOE-2009-068).

⁴ Regarding the \$0.50 Strike Program, which allows \$0.50 strike price intervals for options on stocks trading at or below \$3.00, see Interpretation and Policy .01(b) to Rule 5.5 and Securities Exchange Act Release No. 60695 (September 18, 2009), 74 FR 49055 (September 25, 2009) (SR-CBOE-2009-069). See also Securities Exchange Act Release No. 61331 (January 12, 2010), 75 FR 2911 (January 19, 2010) (SR-CBOE-2010-002) (allowing concurrent listing of \$3.50 and \$4 strikes for classes that participate in both the \$0.50 Strike Program and the \$1 Strike Program).

As stated in the Commission order that initially approved CBOE's Program and in subsequent extensions and expansions of the Program,⁵ CBOE believes that \$1 strike price intervals provide investors with greater flexibility in the trading of equity options that overlie lower price stocks by allowing investors to establish equity options positions that are better tailored to meet their investment objectives.

During the time that the \$1 Strike Program was a pilot, the Exchange submitted three pilot reports to the Commission in which the Exchange discussed, among other things, the strength and efficacy of the Program based upon the steady increase in volume and open interest of options traded on the Exchange at \$ 1 strike price intervals; and that the Program had not and, in the future, should not create capacity problems for CBOE or the Options Price Reporting Authority ("OPRA") systems.⁶ This has not changed. Moreover, the number of \$1 strike options traded on the Exchange has continued to increase since the inception of the Program such that these options are now among some of the most popular products traded on the Exchange.

The Exchange believes that market conditions have led to an increase in the number of securities trading below \$50 warranting the proposed expansion of the \$1 Strike Program.⁷ In addition, the Exchange notes that this filing is based on a filing previously submitted by NASDAQ OMX PHLX, Inc ("PHLX") that the Commission

⁵ See supra note 1.

⁶ See Securities Exchange Act Release Nos. 49799 (June 3, 2004), 69 FR 32642 (June 10, 2004) (SR-CBOE-2004-34); 51771 (May 31, 2005), 70 FR 33228 (June 7, 2005) (SR-CBOE-2005-37); 53805 (May 15, 2006), 71 FR 29690 (May 23, 2006) (SR-CBOE-2006-31); and 55673 (April 26, 2007), 72 FR 24646 (May 3, 2007) (SR-CBOE-2007-38).

⁷ See, e.g., Securities Exchange Act Release No. 59590 (March 17, 2009), 74 FR 12412 (March 24, 2009) (SR-CBOE-2009-21) (more than five-fold increase in the number of individual stocks on which options may be listed at \$1 intervals).

recently noticed.⁸ With regard to previous expansions of the Program, the Commission has approved proposals from the options exchanges that employ a \$1 Strike Program in lockstep.

The Exchange notes that, in addition to options classes that are trading pursuant to the \$1 strike programs of options exchanges, there are also options trading at \$1 strike intervals on approximately 282 exchange-traded fund shares (“ETFs”),⁹ ETF options trading at \$1 intervals has not, however, negatively impacted the system capacity of the Exchange or OPRA.

With regard to the impact of this proposal on system capacity, CBOE has analyzed its capacity and represents that it and OPRA have the necessary systems capacity to handle the potential additional traffic associated with the listing and trading of an expanded number of series in the \$1 Strike Program.

The Exchange believes that the \$1 Strike Program has provided investors with greater trading opportunities and flexibility and the ability to more closely tailor their investment and risk management strategies and decisions to the movement of the underlying security. Furthermore, the Exchange has not detected any material proliferation of illiquid options series resulting from the narrower strike price intervals. For these reasons, the Exchange requests an expansion of the current Program and the opportunity to provide investors with additional strikes for investment, trading, and risk management purposes.

⁸ See Securities Exchange Act Release No. 62151 (May 21, 2010), 75 FR 30078 (May 28, 2010) (SR-Phlx-2010-72).

⁹ Options on ETFs have been trading for more than a decade. See Securities Exchange Act Release Nos. 37340 (July 2, 1998), 63 FR 37430 (July 10, 1998) (SR-CBOE-97-03) (original filing to list options on ETFs); and 46507 (September 25, 2002), 67 FR 60266 (September 25, 2002) (SR-

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)¹⁰ of the Securities Exchange Act of 1934 (the “Act”), in general, and furthers the objectives of Section 6(b)(5)¹¹ 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 in a manner consistent with the protection of investors and the public interest. The Exchange believes that expanding the current \$1 Strike Program will result in a continuing benefit to investors by giving them more flexibility to closely tailor their investment decisions in a greater number of securities.

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

No written comments were solicited or received with respect to the proposed rule 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 Exchange Act.

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

¹⁰ CBOE005-54) (\$1 strike price intervals for ETF options). See also Interpretation and Policy .08 to Rule 5.5 allowing \$1 strike price intervals for ETF options where the strike price is \$200 or less.

¹¹ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A)¹² of the Act and Rule 19b-4(f)(6) thereunder.¹³

(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. The proposed rule change is substantially similar in all material respects to a recently noticed proposal of Phlx to make changes to the \$1 Strike Program.¹⁴

The Exchange provided the Commission with written notice of its intent to file the proposal, along with a brief description and text of the proposal, at least five business days prior to the date of the filing of the proposed rule change as required by Rule 19b-4(f)(6). The Exchange requests that the Commission waive the 30-day operative delay period. Waiver of the operative date is consistent with the protection of investors and the public interest in that doing so will encourage fair competition among the exchanges, by allowing the CBOE to compete effectively by expanding its \$1 Strike Program when SR-Phlx-2010-72 is approved.

For the foregoing reasons, the Exchange believes the rule filing qualifies for expedited effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 of the Act.

(c) Not applicable.

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).

(d) Not applicable.

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

As discussed above, this proposed rule change is based on a proposal of Phlx, SR-Phlx-2010-72.

Item 9. Exhibits

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-2010-064

Dated: _____

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Make Changes to Expand the \$1 Strike Program

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

CBOE proposes to amend Rule 5.5.01 to expand the Exchange’s \$1 Strike Price Program (the “\$1 Strike Program” or “Program”) to allow the Exchange to select 150 individual stocks on which options may be listed at \$1 strike price intervals. 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.

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 purpose of this proposed rule change is to expand the \$1 Strike Program.⁵

The \$1 Strike Program currently allows CBOE to select a total of 55 individual stocks on which option series may be listed at \$1 strike price intervals. In order to be eligible for selection into the Program, the underlying stock must close below \$50 in its primary market on the previous trading day. If selected for the Program, the Exchange may list strike prices at \$1 intervals from \$1 to \$50, but no \$1 strike price may be listed that is greater than \$5 from the underlying stock's closing price in its primary market on the previous day. The Exchange may also list \$1 strikes on any other option class designated by another securities exchange that employs a similar Program under their respective rules. The Exchange may

⁵ The Commission approved the Program as a pilot on June 5, 2003. See Securities Exchange Act Release No. 47991 (June 5, 2003), 68 FR 35243 (June 12, 2003). The Program was subsequently extended through June 5, 2008. See Securities Exchange Act Release No. 49799 (June 3, 2004), 69 FR 32642 (June 10, 2004) (SR-CBOE-2004-34); SEC Release No. 51771 (May 31, 2005), 70 FR 33228 (June 7, 2005) (SR-CBOE-2005-37); SEC Release No. 53805 (May 15, 2006), 71 FR 29690 (May 23, 2006) (SR-CBOE-2006-31); and SEC Release No. 55673 (April 26, 2007), 72 FR 24646 (May 3, 2007) (SR-CBOE-2007-38). The Program was subsequently expanded and permanently approved in 2007. See Exchange Act Release No. 57049 (December 27, 2007), 73 FR 528 (January 3, 2008) (SR-CBOE-2007-125). The Program was last expanded in 2009. See Securities Exchange Act Release No. 59587 (March 17, 2009), 74 FR 12414 (March 24, 2009) (SR-CBOE-2009-01).

not list long-term option series (“LEAPS”)⁶ at \$1 strike price intervals for any class selected for the Program, except as specified in subparagraph (2) to Interpretation and Policy .01 to Rule 5.5.⁷ The Exchange is also restricted from listing series with \$1 intervals within \$0.50 of an existing strike price in the same series, except that strike prices of \$2, \$3, and \$4 shall be permitted within \$0.50 of an existing strike price for classes also selected to participate in the \$0.50 Strike Program.⁸

The Exchange now proposes to expand the Program to allow CBOE to select a total of 150 individual stocks on which option series may be listed at \$1 strike price intervals. The existing restrictions on listing \$1 strikes would continue, *i.e.*, no \$1 strike price may be listed that is greater than \$5 from the underlying stock’s closing price in its primary market on the previous day, and CBOE is restricted from listing any series that would result in strike prices being \$0.50 apart (unless an option class is selected to participate in both the \$1 Strike Program and the \$0.50 Strike Program).

As stated in the Commission order that initially approved CBOE’s Program and in subsequent extensions and expansions of the Program,⁹ CBOE believes that \$1 strike price intervals provide investors with greater flexibility in the trading of equity options that overlie lower price stocks by allowing investors to establish equity options positions that are better tailored to meet their investment objectives.

⁶ LEAPS are long-term options that generally have up to thirty-nine months from the time they are listed until expiration. See Rule 5.8, Long-Term Equity Option Series (LEAPS®). Long-term FLEX options and index options are considered separately in Rules 24A.4, 24B.4 and 24.9(b), respectively.

⁷ Interpretation and Policy .01(a)(3) states that the Exchange may list \$1 strike prices up to \$5 in LEAPS in up to 200 option classes in individual stocks. See Securities Exchange Act Release No. 60978 (November 10, 2009), 74 FR 59296 (November 17, 2009) (SR-CBOE-2009-068).

⁸ Regarding the \$0.50 Strike Program, which allows \$0.50 strike price intervals for options on stocks trading at or below \$3.00, see Interpretation and Policy .01(b) to Rule 5.5 and Securities Exchange Act Release No. 60695 (September 18, 2009), 74 FR 49055 (September 25, 2009) (SR-CBOE-2009-069). See also Securities Exchange Act Release No. 61331 (January 12, 2010), 75 FR 2911 (January 19, 2010) (SR-CBOE-2010-002) (allowing concurrent listing of \$3.50 and \$4 strikes for classes that participate in both the \$0.50 Strike Program and the \$1 Strike Program).

⁹ See *supra* note 1.

During the time that the \$1 Strike Program was a pilot, the Exchange submitted three pilot reports to the Commission in which the Exchange discussed, among other things, the strength and efficacy of the Program based upon the steady increase in volume and open interest of options traded on the Exchange at \$ 1 strike price intervals; and that the Program had not and, in the future, should not create capacity problems for CBOE or the Options Price Reporting Authority (“OPRA”) systems.¹⁰ This has not changed. Moreover, the number of \$1 strike options traded on the Exchange has continued to increase since the inception of the Program such that these options are now among some of the most popular products traded on the Exchange.

The Exchange believes that market conditions have led to an increase in the number of securities trading below \$50 warranting the proposed expansion of the \$1 Strike Program.¹¹ In addition, the Exchange notes that this filing is based on a filing previously submitted by NASDAQ OMX PHLX, Inc (“PHLX”) that the Commission recently noticed.¹² With regard to previous expansions of the Program, the Commission has approved proposals from the options exchanges that employ a \$1 Strike Program in lockstep.

The Exchange notes that, in addition to options classes that are trading pursuant to the \$1 strike programs of options exchanges, there are also options trading at \$1 strike intervals on approximately 282 exchange-traded fund shares (“ETFs”),¹³ ETF options trading at \$1

¹⁰ See Securities Exchange Act Release Nos. 49799 (June 3, 2004), 69 FR 32642 (June 10, 2004) (SR-CBOE-2004-34); 51771 (May 31, 2005), 70 FR 33228 (June 7, 2005) (SR-CBOE-2005-37); 53805 (May 15, 2006), 71 FR 29690 (May 23, 2006) (SR-CBOE-2006-31); and 55673 (April 26, 2007), 72 FR 24646 (May 3, 2007) (SR-CBOE-2007-38).

¹¹ See, e.g., Securities Exchange Act Release No. 59590 (March 17, 2009), 74 FR 12412 (March 24, 2009) (SR-CBOE-2009-21) (more than five-fold increase in the number of individual stocks on which options may be listed at \$1 intervals).

¹² See Securities Exchange Act Release No. 62151 (May 21, 2010), 75 FR 30078 (May 28, 2010) (SR-Phlx-2010-72).

¹³ Options on ETFs have been trading for more than a decade. See Securities Exchange Act Release Nos. 37340 (July 2, 1998), 63 FR 37430 (July 10, 1998) (SR-CBOE-97-03) (original filing to list options on

intervals has not, however, negatively impacted the system capacity of the Exchange or OPRA.

With regard to the impact of this proposal on system capacity, CBOE has analyzed its capacity and represents that it and OPRA have the necessary systems capacity to handle the potential additional traffic associated with the listing and trading of an expanded number of series in the \$1 Strike Program.

The Exchange believes that the \$1 Strike Program has provided investors with greater trading opportunities and flexibility and the ability to more closely tailor their investment and risk management strategies and decisions to the movement of the underlying security. Furthermore, the Exchange has not detected any material proliferation of illiquid options series resulting from the narrower strike price intervals. For these reasons, the Exchange requests an expansion of the current Program and the opportunity to provide investors with additional strikes for investment, trading, and risk management purposes.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act. Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) Act¹⁴ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and, in general, to protect investors and the public interest. The Exchange believes that expanding the current \$1 Strike Program will result in a

ETFs); and 46507 (September 25, 2002), 67 FR 60266 (September 25, 2002) (SR-CBOE005-54) (\$1 strike price intervals for ETF options). See also Interpretation and Policy .08 to Rule 5.5 allowing \$1 strike price intervals for ETF options where the strike price is \$200 or less.

¹⁴ 15 U.S.C. 78f(b)(5).

continuing benefit to investors by giving them more flexibility to closely tailor their investment decisions in a greater number of securities.

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

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed 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 Act¹⁵ and Rule 19b-4(f)(6) thereunder.¹⁶ 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.

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(6).

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-2010-064 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-2010-064. 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-2010-064 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).