

OMB APPROVAL	
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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 18	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2010 - * 094 Amendment No. (req. for Amendments *)
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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 type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input checked="" 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 checked="" type="checkbox"/>	Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).
CBOE is proposing to amend CBOE Rule 6.13, CBOE Hybrid System's Automatic Execution Feature, to provide additional clarity on the operation of the automatic execution feature.

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 * Jennifer Last Name * Lamie
Title * Assistant General Counsel
E-mail * lamie@cboe.com
Telephone * (312) 786-7576 Fax (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 10/18/2010
By Jennifer M. Lamie 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.

Jennifer Lamie; lamie@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information (required)

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.

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Exhibit 1 - Notice of Proposed Rule Change (required)

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)

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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.

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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.

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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.

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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.

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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.

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Item 1. Text of the Proposed Rule Change

(a) Chicago Board Options Exchange, Incorporated (“CBOE” or “Exchange”) is proposing to amend CBOE Rule 6.13, CBOE Hybrid System’s Automatic Execution Feature, to provide additional clarity on the operation of the automatic execution feature. The text of the proposed rule change is provided below with additions underlined and deletions [bracketed].

(b) Inapplicable.

(c) Inapplicable.

Chicago Board Options Exchange, Incorporated
Rules

* * * * *

Rule 6.13 – CBOE Hybrid System[’s] Automatic Execution Feature

RULE 6.13. (a) **Applicability:** This rule is applicable only to those classes specifically designated for trading on the CBOE Hybrid System. The CBOE Hybrid System is a trading platform that allows automatic executions to occur electronically and open outcry trades to occur on the floor of the Exchange pursuant to the priority and allocation principles contained in Rules 6.45A and 6.45B. Rules 6.8 (RAES Operations) and 6.45 (Priority of Bids and Offers-Allocations of Trades) have no applicability to any transactions occurring on the CBOE Hybrid System, unless otherwise specifically indicated. Classes not specifically designated for trading through the CBOE Hybrid System will continue to be subject to Rules 6.8 and 6.45.

(b) **Automatic Execution:** [(i) **Eligibility:** Eligibility:] Orders eligible for automatic execution through the CBOE Hybrid System may be automatically executed in accordance with the provisions of this Rule, Rule 6.13A, 6.14 or 6.14A, as applicable [or in accordance with Rule 6.13A for classes that have been designated for auction price improvement]. This section governs automatic executions and split-price automatic executions. The automatic execution and allocation of orders or quotes submitted by market participants also is governed by Rules 6.45A(c) and (d) and Rules 6.45B(c) and (d).

(i) Eligibility: The Exchange shall designate the eligible order size, eligible order type, eligible order origin code (i.e., public customer orders, non-Market-Maker broker-dealer orders, and Market-Maker broker-dealer orders), and classes in which the automatic execution feature shall be activated, subject to the following:

(A) (1) **Eligible Order Size:** The Exchange shall establish on a class-by-class basis the maximum size of orders entitled to receive automatic execution through the CBOE Hybrid System. If the eligible order size exceeds the disseminated size, incoming eligible orders shall be entitled to receive an automatic execution up to the disseminated size.

[(A)] (2) Hybrid 3.0 Eligibility and Process: For Hybrid 3.0 [C]classes, all eligible orders will receive automatic execution against public customer orders in the electronic book. Any remaining balance of the order may be represented in the electronic book provided such order is eligible for book entry pursuant to Rule 7.4. If the order is not eligible for book entry, or at the order entry firm's discretion, the order will route to PAR[, BART,] or the order entry firm's booth [printer].

(B) Orders Not Eligible for Automatic Execution: Orders not eligible for automatic execution will route on a class-[]by-[]class basis to PAR[, BART,] or, at the order entry firm's discretion, to the order entry firm's booth [printer].

(C) Access:

[(i)](1) For Hybrid classes, non-broker-dealer public customers and broker-dealers that are not Market-Makers or specialists on an exchange who are exempt from the provisions of Regulation T of the Federal Reserve Board pursuant to Section 7(c)(2) of the Securities Exchange Act of 1934 ("non-Market-Maker or non-Specialist broker-dealers") are eligible for automatic execution. The eligible order size for these classifications must be the same. For Hybrid 3.0 classes, non-broker-dealer public customer orders are eligible for automatic execution, and the Exchange may determine, on a class-by-class basis, to allow non-Market-Maker or non-Specialist broker-dealer orders to be eligible for automatic execution. The eligible order size for these classifications must be the same.

[(ii)](2) [(A)](a) Options Exchange Market-Makers: The Exchange may also determine, on a class-by-class basis, to allow orders for the accounts of Market-Makers or specialists on an options exchange (collectively "options Market-Makers") who are exempt from the provisions of Regulation T of the Federal Reserve Board pursuant to Section 7(c)(2) of the Securities Exchange Act of 1934 to be eligible for automatic execution. The Exchange may establish the maximum order size eligibility for such options Market-Maker orders at a level lower than the maximum order size eligibility available to non-broker-dealer public customers and non-Market-Maker or non-specialist broker-dealers. Pronouncements pursuant to this provision regarding options Market-Maker access shall be made by the Exchange and announced via Regulatory Circular.

[(B)](b) Stock Exchange Specialists: The Exchange may determine, on a class-by-class basis, to allow orders for the account of a stock exchange specialist, with respect to a security in which it acts as a specialist, to be eligible for automatic execution in the overlying option class. The Exchange may establish the maximum order size eligibility for such specialist orders at a level lower than the maximum order size eligibility available to options exchange Market-Makers. Stock exchange specialists, with respect to orders in securities in which they do not act as specialist, will be treated as broker-dealers that are not Market-Makers or specialists on an options exchange and

will be eligible to submit orders for automatic execution in accordance with subparagraph [(i)](1) above.

[(iii)](3) 15-Second Limitation: With respect to orders eligible for submission pursuant to paragraph (b)(i)(C)[(ii)](2), Trading Permit Holders shall neither enter nor permit the entry of multiple orders on the same side of the market in an option class within any 15-second period for an account or accounts of the same beneficial owner. The Exchange may shorten the duration of this 15-second period by providing notice to the Trading Permit Holders via a Regulatory Circular that is issued at least one day prior to implementation.

For purposes of this rule, orders will be presumed to be for the account(s) of the same beneficial owner if they are not independently originated by separate Market-Makers (or stock exchange specialists) and such orders clear into the same account or accounts with common ownership. The term “independently originated” means that a Market-Maker (or stock exchange specialist) makes an individual determination to trade and directly communicates its trading determination (*i.e.* order) to the Exchange.

(ii) Process: For Hybrid classes, eligible orders of a size equal to or less than the size of the disseminated CBOE BBO shall be executed in the manner described in paragraph 6.13(b). Inbound eligible orders of a size greater than the disseminated size will automatically execute in part, as described below in paragraph 6.13(b)(iii) (Split Price Executions). Orders executed automatically shall be allocated to contra side trading interest pursuant to Rule 6.45A or 6.45B.

(iii) Split Price Executions: For Hybrid classes, incoming eligible orders of a size greater than the disseminated size shall receive an automatic execution for a size up to the disseminated size. The balance of the order if marketable, will automatically execute at the revised disseminated price provided the revised disseminated price represents the NBBO (if the revised price is inferior to NBBO the balance of the order will route to PAR or, at the order entry firm’s discretion, the order entry firm’s booth or for processing pursuant to Rule 6.14 or 6.14A, as applicable). If not marketable, the balance of the order will be automatically represented in the electronic book provided such order is eligible for book entry pursuant to Rule 7.4. If the order is not eligible for book entry, it will route to PAR[, BART,] or, at the order entry firm’s discretion, to the order entry firm’s booth [printer]. Pronouncements pursuant to this provision shall be made by the Exchange and announced via Regulatory Circular.

(iv) Executions at NBBO: Eligible orders in classes that are multiply traded will not be automatically executed on CBOE at prices that are inferior to the NBBO and instead shall route to HAL, the PAR workstation in the trading crowd or, at the order entry firm’s discretion, to [BART] the order entry firm’s booth. Eligible orders received while the CBOE market is locked (*e.g.*, \$1.00 bid - \$1.00 offered) shall be eligible for automatic execution at CBOE’s disseminated quote, provided that the disseminated quote is not inferior to the NBBO. Eligible orders received while the CBOE market is crossed with the disseminated market of another exchange (*e.g.* CBOE \$1.20 bid while another exchange is disseminating a \$1.15 offer) shall be eligible for automatic execution at CBOE’s disseminated quote, provided that the disseminated quote is not inferior to the NBBO.

(v) Price Check Parameter for HAL Classes: [In] For classes in which HAL[2] (Rule 6.14[A]) is activated, [and when the system in subparagraph (vi) below is enabled, see subparagraph (vi) below, otherwise:] the CBOE Hybrid System will not automatically execute eligible orders that are [market orders] marketable if the width between the Exchange's best bid and best offer is not within an acceptable price range (as determined by the Exchange on a series by series basis for market orders and/or marketable limit orders and announced to the Trading Permit Holders via Regulatory Circular). For purposes of this subparagraph:

(A) An "acceptable price range" shall be [no less than 1.5 times the corresponding bid/ask differential requirements] determined by the Exchange on a class-[]by-[]class basis and shall be no less than: \$0.375 between the bid and offer for each option contract for which the bid is less than \$2, \$0.60 where the bid is at least \$2 but does not exceed \$5, \$0.75 where the bid is more than \$5 but does not exceed \$10, \$1.20 where the bid is more than \$10 but does not exceed \$20, and \$1.50 where the bid is more than \$20.

(B) The senior official in the Control Room or two Floor Officials may grant intra-day relief by widening the acceptable price range for one or more option series. Notification of intra-day relief will be announced via verbal message to the trading crowd, printer message to TPH organizations on the trading floor, and electronic message to Trading Permit Holders that request to receive such messages. Such orders will be routed on a class-by-class basis to PAR[, BART,] or, at the order entry firm's discretion, to the order entry firm's booth [printer] pursuant to subparagraph (b)(i)(B) above.

(vi) Price Check Parameter for HAL2 Classes: [Once this feature is enabled, the CBOE Hybrid System, f]For classes [eligible for] in which HAL2 [processing pursuant to] (Rule 6.14A) is activated, the CBOE Hybrid System will not automatically execute eligible orders that are marketable if (1) the width between the national best bid and national best offer is not within an acceptable price range (as determined by the Exchange on a series by series basis for market orders and/or marketable limit orders and announced to the Trading Permit Holders via Regulatory Circular), or (2) the execution would follow an initial partial execution on the Exchange and would be at a subsequent price that is not within an acceptable tick distance from the initial execution (as determined by the Exchange on a series by series and premium basis for market orders and/or marketable limit orders and announced to the Trading Permit Holders via Regulatory Circular). For purposes of this subparagraph:

(A) An "acceptable price range" ("APR") shall be [no less than 1.5 times the corresponding bid/ask differential requirements] determined by the Exchange on a class-[]by-[]class basis and shall be no less than: \$0.375 between the bid and offer for each option contract for which the bid is less than \$2, \$0.60 where the bid is at least \$2 but does not exceed \$5, \$0.75 where the bid is more than \$5 but does not exceed \$10, \$1.20 where the bid is more than \$10 but does not exceed \$20, and \$1.50 where the bid is more than \$20. An "acceptable tick distance" ("ATD") shall be no less than 2 minimum increment ticks.

(B) The senior official in the Control Room or two Floor Officials may grant intra-day relief by widening the APR and ATD for one or more option series. Notification of intra-day relief will be announced via verbal message to the trading

crowd, printer message to TPH organizations on the trading floor, and electronic message to Trading Permit Holders that request to receive such messages.

If an execution is suspended because the APR has not been met, the order will be routed to PAR[, BART,] or, at the order entry firm's discretion, to the order entry firm's booth [printer] pursuant to subparagraph (b)(i)(B) above.

If an execution is suspended because executing the remaining portion of an order would exceed the ATD, then such remaining portion will be exposed pursuant to the HAL2 process in Rule 6.14A using the ATD as the exposure price. If a quantity remains at the conclusion of the HAL2 process, the remaining quantity will be routed to PAR[, BART,] or, at the order entry firm's discretion, to the order entry firm's booth [printer] pursuant to subparagraph (b)(i)(B) above.

(c) Users, Order Entry Firms, and Prohibited Practices

For purposes of this rule, the term "User" means any person or firm that obtains electronic access to the automatic execution feature of the CBOE Hybrid System through an Order Entry Firm. The term "Order Entry Firm" means a TPH organization that is able to route orders to the Exchange's Order Routing System.

(i) Order Entry Firms shall:

(A) Comply with all applicable CBOE options trading rules and procedures;

(B) Provide written notice to all Users regarding the proper use of the CBOE Hybrid System, including any automated execution features; and

(C) Maintain adequate procedures and controls that will permit the Order Entry Firm to effectively monitor and supervise the entry of electronic orders by all Users. Order Entry Firms must monitor and supervise the entry of orders by Users to prevent the prohibited practices set forth below.

(ii) Prohibited Practices:

Prohibited practices include but are not limited to the following:

(A) Dividing an order into multiple smaller orders for the purpose of meeting the eligible order size requirements for automatic execution ("unbundling").

(B) Effecting transactions that constitute manipulation as provided in Rule 4.7 and Exchange Act Rule 10b-5.

(d) Trade Nullification Procedure

A trade on the CBOE Hybrid System may be nullified if the parties to the trade agree to the nullification. When all parties to a trade have agreed to a trade nullification, one party must contact the Help Desk, which will confirm the agreement and disseminate cancellation information in prescribed OPRA format.

* * * * *

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 September 28, 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 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 purpose of this filing is to amend Rule 6.13 to provide additional clarity on the operation of CBOE's Hybrid System automatic execution feature. In particular, the Exchange is proposing to amend the rule as follows:

First, the Exchange is proposing to include additional cross references in Rule 6.13 to Rules 6.13A, Simple Auction Liaison (SAL), 6.14, Hybrid Agency Liaison (HAL), 6.14A, Hybrid Agency Liaison 2 (HAL2) and 6.45B, Priority and Allocation of Trades in Index Options and Options on ETFs on the CBOE Hybrid System. While Rule 6.13 already contains cross references to these four rules, the Exchange believes the inclusion of the added cross references will provide additional clarity on the existing operation and interaction of the various processes within in the Hybrid System.

Second, Rule 6.13 provides that the Exchange will designate the order size and order origin codes that are eligible for automatic execution. The Exchange is proposing to amend the rule to clarify that the Exchange will also designate the order types (e.g., market, limit, contingency, etc.) that are eligible for automatic execution. The inclusion of this order type provision is consistent with various other CBOE Rules under which the Exchange designates order size, origin code and order type, e.g., Rules 6.14, 6.14A and 6.53, Certain Types of Orders Defined.

Third, the Exchange is proposing to replace specific references in Rule 6.13 to routing order to BART (the booth automated routing terminal) and an order entry firm's booth printer with a general reference to an order entry firm's booth. The Exchange no longer utilizes the particular system that it had referred as BART and believes that the general reference to routing an order to an order entry firm's booth is more appropriate for its rules.

Fourth, Rule 6.13 provides for certain price check parameters for HAL and HAL2 classes under which the Hybrid System will not automatically execute orders if the width between the Exchange's best bid and best offer are not within an acceptable price range. The acceptable price range is no less than 1.5 times the corresponding bid/ask differential requirements determined by the Exchange on a class-by-class basis. The Exchange is proposing to clarify that the Exchange may determine to apply these price check parameters to market orders and/or marketable limit orders. In addition, rather than cross reference corresponding bid/ask differential requirements, the Exchange is proposing to specify the minimum acceptable price range within Rule 6.13. Specifically, the acceptable price range will be no less than: \$0.375 between the bid and offer for each option contract for which the bid is less than \$2, \$0.60 where the bid is at least \$2 but does not exceed \$5, \$0.75 where the bid is more than \$5 but does not exceed \$10, \$1.20 where the bid is more than \$10 but does not exceed \$20, and \$1.50 where the bid is more than \$20. These amounts are equal to 1.5 times the bid/ask differential requirements that the Exchange had in its rules at the time the price check parameters were adopted.

Finally, the Exchange is making some non-substantive changes to simplify the language in the text and to make miscellaneous typographical changes, such as uncapitalizing

the word “class,” deleting an extra word (“Eligibility:”) which appeared in the text twice, and renumbering certain paragraphs and revising certain headers so that the format is consistent with the remainder of the Rule.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder and, in particular, the requirements of Section 6(b) of the Act.¹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)² in that it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest, by providing additional clarity on the operation of CBOE Hybrid System automatic execution feature.

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

Not applicable.

¹ 15 U.S.C. 78f(b).

² 15 U.S.C. 78f(b)(5).

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 is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴

(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. In addition, at least five business days prior to the instant filing, 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.

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. The Exchange believes that the proposed rule change will provide more clarity on the operation of CBOE's Hybrid System automatic execution feature. The Exchange also believes that the proposed rule change does not present any new, unique or substantive issues that make the 30-day operative delay specified in Rule 19b-4(f)(6) necessary.

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.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFT 240.19b-4(f)(6).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-CBOE-2010-094)

Dated: _____

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to the Hybrid Automatic Execution Feature

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 and II below, which Items have been prepared by the Exchange. The Exchange has designated 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 CBOE Rule 6.13, CBOE Hybrid System's Automatic Execution Feature, to provide additional clarity on the operation of the automatic execution feature. 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 Exchange 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 filing is to amend Rule 6.13 to provide additional clarity on the operation of CBOE's Hybrid System automatic execution feature. In particular, the Exchange is proposing to amend the rule as follows:

First, the Exchange is proposing to include additional cross references in Rule 6.13 to Rules 6.13A, Simple Auction Liaison (SAL), 6.14, Hybrid Agency Liaison (HAL), 6.14A, Hybrid Agency Liaison 2 (HAL2) and 6.45B, Priority and Allocation of Trades in Index Options and Options on ETFs on the CBOE Hybrid System. While Rule 6.13 already contains cross references to these four rules, the Exchange believes the inclusion of the added cross references will provide additional clarity on the existing operation and interaction of the various processes within in the Hybrid System.

Second, Rule 6.13 provides that the Exchange will designate the order size and order origin codes that are eligible for automatic execution. The Exchange is proposing to amend the rule to clarify that the Exchange will also designate the order types (e.g., market, limit, contingency, etc.) that are eligible for automatic execution. The inclusion of this order type

provision is consistent with various other CBOE Rules under which the Exchange designates order size, origin code and order type, e.g., Rules 6.14, 6.14A and 6.53, Certain Types of Orders Defined.

Third, the Exchange is proposing to replace specific references in Rule 6.13 to routing order to BART (the booth automated routing terminal) and an order entry firm's booth printer with a general reference to an order entry firm's booth. The Exchange no longer utilizes the particular system that it had referred as BART and believes that the general reference to routing an order to an order entry firm's booth is more appropriate for its rules.

Fourth, Rule 6.13 provides for certain price check parameters for HAL and HAL2 classes under which the Hybrid System will not automatically execute orders if the width between the Exchange's best bid and best offer are not within an acceptable price range. The acceptable price range is no less than 1.5 times the corresponding bid/ask differential requirements determined by the Exchange on a class-by-class basis. The Exchange is proposing to clarify that the Exchange may determine to apply these price check parameters to market orders and/or marketable limit orders. In addition, rather than cross reference corresponding bid/ask differential requirements, the Exchange is proposing to specify the minimum acceptable price range within Rule 6.13. Specifically, the acceptable price range will be no less than: \$0.375 between the bid and offer for each option contract for which the bid is less than \$2, \$0.60 where the bid is at least \$2 but does not exceed \$5, \$0.75 where the bid is more than \$5 but does not exceed \$10, \$1.20 where the bid is more than \$10 but does not exceed \$20, and \$1.50 where the bid is more than \$20. These amounts are equal to 1.5

times the bid/ask differential requirements that the Exchange had in its rules at the time the price check parameters were adopted.

Finally, the Exchange is making some non-substantive changes to simplify the language in the text and to make miscellaneous typographical changes, such as uncapitalizing the word “class,” deleting an extra word (“Eligibility:”) which appeared in the text twice, and renumbering certain paragraphs and revising certain headers so that the format is consistent with the remainder of the Rule.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder and, in particular, the requirements of Section 6(b) of the Act.⁵ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶ in that it is designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest, by providing additional clarity on the operation of CBOE Hybrid System automatic execution feature.

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 that is 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.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

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 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 summarily may temporarily suspend 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

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(6).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CBOE-2010-094 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-2010-094. 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-2010-094 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).