

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 19	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2010 - * 095	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"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

The Exchange is proposing to amend its rules to provide that, for each Hybrid 3.0 class, the Exchange may determine to authorize a group of series of the class for trading on the Hybrid Trading Platform.

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 10/25/2010
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)

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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 (required)

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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 rules that relate to the designation of index options and options on exchange-traded funds (“ETFs”) for trading on CBOE’s Hybrid Trading System and Hybrid 3.0 Platform and eligible categories of Market-Maker participants. The text of the proposed rule change is provided below (additions are underlined and deletions are [bracketed]).

* * * * *

Chicago Board Options Exchange, Incorporated
Rules

* * * * *

Rule 8.14 – Index Hybrid Trading System Classes: Market-Maker Participants

* * * * *

(b) Each class designated for trading on Hybrid Trading System or the Hybrid 3.0 Platform shall have an assigned DPM or LMM. The Exchange may determine to designate classes for trading on Hybrid without a DPM or LMM provided the following conditions are satisfied:

* * * * *

[4. In order to allow a multiply-listed product trade without a DPM or LMM, the Exchange must amend its Market-Maker obligation rules (and receive Commission approval thereof) to indicate how orders will be submitted to other exchanges on behalf of Market-Makers in accordance with the Intermarket Options Linkage Plan requirements.]

... Interpretations and Policies:

.01 For each Hybrid 3.0 class, the Exchange may determine to authorize a group of series of the class for trading on the Hybrid Trading System and, if that authorization is granted, shall determine the eligible categories of Market-Maker participants for that group of series. The Exchange will also have the authority to determine whether to change the trading platform on which the group of series trades and to change the eligible categories of Market-Maker participants for the group. In addition, the following shall apply:

(a) The Exchange shall assign a DPM or LMM to the group of series. The Exchange may determine to designate the group of series for trading without a DPM or LMM provided the conditions set forth in paragraph (b) of Rule 8.14 above are satisfied with respect to the group.

(b) Market-Maker appointments will apply on a class basis, except DPM, LMM and e-DPM appointments will apply only to the group of series to which the respective DPM, LMM or e-DPM is assigned, if applicable.

(c) The Hybrid Trading System trading parameters will be established by the Exchange on a group basis to the extent the Exchange Rules otherwise provide for such parameters to be established on a class basis.

* * * * *

(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 August 31, 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 Exchange is proposing to amend its rules that relate to the designation of index options and options on ETFs for trading on the Hybrid Trading System and Hybrid 3.0 Platform. The "Hybrid Trading System" refers to the Exchange's trading platform that allows Market-Makers to submit electronic quotes in their appointed classes. The "Hybrid 3.0 Platform" is an electronic trading platform on the Hybrid Trading System that allows one or more quoters to submit electronic quotes which represent the aggregate Market-Maker quoting interest in the series for the trading crowd.

Currently, the particular trading platform on which such an option contract is traded and the eligible categories of Market-Maker participants for those options are designated by the Exchange on a class-by-class basis pursuant to Rule 8.14, Index Hybrid Trading System Classes: Market-Maker Participants. The Exchange is now proposing to amend this rule as it relates to classes designated for trading on the Hybrid 3.0 Platform. Specifically, the

Exchange is proposing to provide that, for each Hybrid 3.0 class, the Exchange may determine to authorize a group of series of the class for trading on the Hybrid Trading System and, if that authorization is granted, the Exchange would determine the eligible categories of Market-Maker participants for that group of series.¹ The Exchange would assign a Designated Primary Market-Maker (“DPM”) or Lead Market-Maker (“LMM”) to the group of series. Alternatively, the Exchange could determine to designate the group of series for trading without a DPM or LMM provided certain conditions set forth in Rule 8.14(b) are satisfied with respect to the group of series.²

EXAMPLE (for illustrative purposes only): Currently options on the Standard & Poor’s 500 Index (symbol SPX) are the only class of options traded on the Hybrid 3.0 Platform. Pursuant to the proposed rule change, the Exchange could determine to designate all end-of-week option series in the SPX option class for trading on the Hybrid Trading System without a DPM or LMM.³ All other series of the SPX option class could continue to be designated for trading on the Hybrid 3.0 Platform with two rotating LMMs.

¹ The Exchange would also have the authority to determine whether to change the trading platform on which the group of series trades and change the eligible categories of Market-Maker participants for the group.

² Specifically, the group of series could be designated to trade on the Hybrid Trading System without a DPM or LMM provided the following conditions, as applicable, are satisfied: (1) There are at least four (4) Market-Makers quoting in the group of series; (2) Each Market-Maker with an appointment in the group of series is subject to the continuous quoting obligations imposed by CBOE Rule 8.7(d); and (3) In the event the Exchange activates request-for-quote (“RFQ”) functionality (which has not been activated for any class traded on the Exchange), each Market-Maker would have an obligation to respond to that percentage of RFQs as determined by the Exchange for the group of series subject to certain requirements specified in Rule 8.14(b)3.

³ To the extent that the Exchange would determine to designate SPX end-of-week series for trading on the Hybrid Trading System without a DPM or LMM, certain conditions set forth in Rule 8.14(b) would have to be satisfied, as applicable. Id.

When selecting series to trade on the Hybrid Trading Platform, the Exchange intends to generally select series with common expirations or classifications, e.g., end-of-week series or end-of-month series, short term option series, or series that expire on a particular expiration date. The Exchange notes that an individual series would only trade on one trading platform at a given time, not both. What trading platform an individual series trades on is controlled by CBOE in how the series is set up in *CBOEdirect* (the trading engine for the Hybrid Trading System and Hybrid 3.0 Platform). Using the example above, CBOE would change the platform designation for SPX end-of-week series in *CBOEdirect* to the Hybrid Trading System and keep the platform designation for all other SPX series on the Hybrid 3.0 Platform. In addition, the Exchange plans to introduce a new option symbol to denote the series that are trading on a different platform. Using the example above, SPX end-of-week series might trade under symbol SPXW while all other SPX series would continue to trade under symbol SPX.

The Exchange notes that CBOE has had several trading platform changes over the years for entire option classes (e.g., CBOE has moved certain other option classes from the Hybrid 3.0 Platform to the Hybrid Trading System). The move of a group of series within a class would operate similar to the way other option class moves have operated in the past. In this regard, the Exchange generally provides CBOE Trading Permit Holders at least one trading day's advance notice of trading platform changes via regulatory circular. For the initial changeover of any SPX series that may be traded on the Hybrid Trading System, however, the Exchange plans to give at least one week advance notice so that Trading Permit Holders can be made aware that the platform change would only be for a select group of series and not the whole class, and so that the Exchange can schedule education sessions to

explain the change to Trading Permit Holders. Once the Exchange has made an initial changeover, if we would determine to add (or remove) series from the Hybrid Trading Platform we plan to revert back to the general approach of providing at least one trading day's advance notice for those subsequent changes.

The following would also apply: Market-Maker appointments would continue to apply on a class basis, except DPM, LMM and Electronic DPM ("e-DPM") appointments would apply only to the group of series to which the respective DPM, LMM or e-DPM is assigned, if applicable. In addition, the Hybrid Trading System trading parameters (e.g., applicable matching algorithm parameters under Rule 6.45B, Priority and Allocation of Trading in Index Options and Options on ETFs on the CBOE Hybrid System; opening rotation parameters under Rule 6.2B, Hybrid Opening System ("HOSS"); automatic execution parameters under Rule 6.13, CBOE Hybrid System's Automatic Execution Feature; Simple Auction Liaison parameters under Rule 6.13A, Simple Auction Liaison (SAL),⁴ Hybrid Agency Liaison parameters under Rule 6.14A, Hybrid Agency Liaison 2 (HAL2),⁵ complex order book ("COB") and complex order request-for-response auction ("COA") parameters under Rule 6.53C, Complex Orders on the Hybrid System, Automated Improvement Mechanism parameters under Rule 6.74A, Automated Improvement Mechanism ("AIM"),⁶ etc.) would be established by the Exchange on a group basis, instead

⁴ SAL is a feature within the Hybrid System that auctions marketable orders for price improvement over the National Best Bid or Offer ("NBBO").

⁵ HAL2 is a feature in the Hybrid System that provides automated order handling in designated classes for qualifying electronic orders that are not automated executed by the Hybrid System.

⁶ AIM is a feature within the Hybrid System that provides Trading Permit Holders with

of on a class basis, to the extent the Exchange Rules otherwise provide for such parameters to be established on a class basis. Thus, using the example above, CBOE would set the trading parameters (e.g., parameters for the matching algorithm, HOSS, automatic execution, SAL, HAL2, COB, COA, AIM, etc.) for the SPX end-of-week series group that would trade on the Hybrid Trading System platform, and separately set the trading parameter for all other SPX series that would remain on the Hybrid 3.0 platform.

Finally, the Exchange is proposing to amend the text of Rule 8.14 to delete paragraph (b)(4), which is outdated and no longer applicable. Paragraph (b)(4) contains an outdated provision related to the Intermarket Options Linkage Plan, which has been replaced by the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage.⁷

(b) Statutory Basis

The basis under the Securities Exchange Act of 1934 (the “Act”) for this proposed rule change is the requirement under Section 6(b)(5)⁸ that an exchange have rules that are designed to promote just and equitable principles of trade, and to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest. In particular, the Exchange believes the proposed change would provide more flexibility to designate trading platform and Market-Maker categories based on a group of series in a manner that is consistent with existing

the ability to electronically execute agency orders against principal interest or against a solicited order provided the agency order is submitted for electronic execution into an auction.

⁷ See, e.g., Securities Exchange Act Release No. 56761 (November 7, 2007), 72 FR 64094 (November 14, 2007).

⁸ 15 U.S.C. 78f(b)(5).

CBOE rules that permit such designations on a class basis.

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

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

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

The Exchange neither solicited nor received comments on the proposal.

Item 6. Extension of Time Period for Commission Action

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

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

(a) The proposed rule change has taken effect upon filing pursuant to Section 19(b)(3)(A) of the Act.⁹

(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.¹⁰

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

The Exchange believes that the proposed rule change would provide more flexibility for the Exchange to designate trading platform and Market-Maker categories based on a group of series in a manner that is consistent with existing CBOE rules that permit such designations on a class basis. The Exchange believes that this deviation is not substantial, and does not present any new, unique or substantive issues.

(c) Not applicable.

(d) Not applicable.

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

Not applicable.

Item 9. Exhibits

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-CBOE-2010-095)

Dated: _____

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Hybrid 3.0 Classes

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

(the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____,

2010, the Chicago Board Options Exchange, Incorporated (“Exchange” or “CBOE”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is proposing to amend its rules that relate to the designation of index options and options on exchange-traded funds (“ETFs”) for trading on CBOE’s Hybrid Trading System and Hybrid 3.0 Platform and eligible categories of Market-Maker participants. The text of the proposed rule change is available on the Exchange’s website (www.cboe.org/Legal), at the Exchange’s Office of the Secretary and at the Commission.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

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

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

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

1. Purpose

The Exchange is proposing to amend its rules that relate to the designation of index options and options on ETFs for trading on the Hybrid Trading System and Hybrid 3.0 Platform. The “Hybrid Trading System” refers to the Exchange’s trading platform that allows Market-Makers to submit electronic quotes in their appointed classes. The “Hybrid 3.0 Platform” is an electronic trading platform on the Hybrid Trading System that allows one or more quoters to submit electronic quotes which represent the aggregate Market-Maker quoting interest in the series for the trading crowd.

Currently, the particular trading platform on which such an option contract is traded and the eligible categories of Market-Maker participants for those options are designated by the Exchange on a class-by-class basis pursuant to Rule 8.14, Index Hybrid Trading System Classes: Market-Maker Participants. The Exchange is now proposing to amend this rule as

it relates to classes designated for trading on the Hybrid 3.0 Platform. Specifically, the Exchange is proposing to provide that, for each Hybrid 3.0 class, the Exchange may determine to authorize a group of series of the class for trading on the Hybrid Trading System and, if that authorization is granted, the Exchange would determine the eligible categories of Market-Maker participants for that group of series.⁵ The Exchange would assign a Designated Primary Market-Maker (“DPM”) or Lead Market-Maker (“LMM”) to the group of series. Alternatively, the Exchange could determine to designate the group of series for trading without a DPM or LMM provided certain conditions set forth in Rule 8.14(b) are satisfied with respect to the group of series.⁶

EXAMPLE (for illustrative purposes only): Currently options on the Standard & Poor’s 500 Index (symbol SPX) are the only class of options traded on the Hybrid 3.0 Platform. Pursuant to the proposed rule change, the Exchange could determine to designate all end-of-week option series in the SPX option class for trading on the Hybrid Trading System without a DPM or LMM.⁷ All other series of the SPX option class could continue to be designated for trading on the Hybrid 3.0 Platform with two rotating LMMs.

⁵ The Exchange would also have the authority to determine whether to change the trading platform on which the group of series trades and change the eligible categories of Market-Maker participants for the group.

⁶ Specifically, the group of series could be designated to trade on the Hybrid Trading System without a DPM or LMM provided the following conditions, as applicable, are satisfied: (1) There are at least four (4) Market-Makers quoting in the group of series; (2) Each Market-Maker with an appointment in the group of series is subject to the continuous quoting obligations imposed by CBOE Rule 8.7(d); and (3) In the event the Exchange activates request-for-quote (“RFQ”) functionality (which has not been activated for any class traded on the Exchange), each Market-Maker would have an obligation to respond to that percentage of RFQs as determined by the Exchange for the group of series subject to certain requirements specified in Rule 8.14(b)3.

⁷ To the extent that the Exchange would determine to designate SPX end-of-week series for trading on the Hybrid Trading System without a DPM or LMM, certain conditions set forth in Rule 8.14(b) would have to be satisfied, as applicable. Id.

When selecting series to trade on the Hybrid Trading Platform, the Exchange intends to generally select series with common expirations or classifications, e.g., end-of-week series or end-of-month series, short term option series, or series that expire on a particular expiration date. The Exchange notes that an individual series would only trade on one trading platform at a given time, not both. What trading platform an individual series trades on is controlled by CBOE in how the series is set up in *CBOEdirect* (the trading engine for the Hybrid Trading System and Hybrid 3.0 Platform). Using the example above, CBOE would change the platform designation for SPX end-of-week series in *CBOEdirect* to the Hybrid Trading System and keep the platform designation for all other SPX series on the Hybrid 3.0 Platform. In addition, the Exchange plans to introduce a new option symbol to denote the series that are trading on a different platform. Using the example above, SPX end-of-week series might trade under symbol SPXW while all other SPX series would continue to trade under symbol SPX.

The Exchange notes that CBOE has had several trading platform changes over the years for entire option classes (e.g., CBOE has moved certain other option classes from the Hybrid 3.0 Platform to the Hybrid Trading System). The move of a group of series within a class would operate similar to the way other option class moves have operated in the past. In this regard, the Exchange generally provides CBOE Trading Permit Holders at least one trading day's advance notice of trading platform changes via regulatory circular. For the initial changeover of any SPX series that may be traded on the Hybrid Trading System, however, the Exchange plans to give at least one week advance notice so that Trading Permit

Holder can be made aware that the platform change would only be for a select group of series and not the whole class, and so that the Exchange can schedule education sessions to explain the change to Trading Permit Holders. Once the Exchange has made an initial changeover, if we would determine to add (or remove) series from the Hybrid Trading Platform we plan to revert back to the general approach of providing at least one trading day's advance notice for those subsequent changes.

The following would also apply: Market-Maker appointments would continue to apply on a class basis, except DPM, LMM and Electronic DPM ("e-DPM") appointments would apply only to the group of series to which the respective DPM, LMM or e-DPM is assigned, if applicable. In addition, the Hybrid Trading System trading parameters (e.g., applicable matching algorithm parameters under Rule 6.45B, Priority and Allocation of Trading in Index Options and Options on ETFs on the CBOE Hybrid System; opening rotation parameters under Rule 6.2B, Hybrid Opening System ("HOSS"); automatic execution parameters under Rule 6.13, CBOE Hybrid System's Automatic Execution Feature; Simple Auction Liaison parameters under Rule 6.13A, Simple Auction Liaison (SAL),⁸ Hybrid Agency Liaison parameters under Rule 6.14A, Hybrid Agency Liaison 2 (HAL2),⁹ complex order book ("COB") and complex order request-for-response auction ("COA") parameters under Rule 6.53C, Complex Orders on the Hybrid System, Automated Improvement Mechanism parameters under Rule 6.74A, Automated Improvement

⁸ SAL is a feature within the Hybrid System that auctions marketable orders for price improvement over the National Best Bid or Offer ("NBBO").

⁹ HAL2 is a feature in the Hybrid System that provides automated order handling in designated classes for qualifying electronic orders that are not automated executed by the Hybrid System.

Mechanism (“AIM”),¹⁰ etc.) would be established by the Exchange on a group basis, instead of on a class basis, to the extent the Exchange Rules otherwise provide for such parameters to be established on a class basis. Thus, using the example above, CBOE would set the trading parameters (e.g., parameters for the matching algorithm, HOSS, automatic execution, SAL, HAL2, COB, COA, AIM, etc.) for the SPX end-of-week series group that would trade on the Hybrid Trading System platform, and separately set the trading parameter for all other SPX series that would remain on the Hybrid 3.0 platform.

Finally, the Exchange is proposing to amend the text of Rule 8.14 to delete paragraph (b)(4), which is outdated and no longer applicable. Paragraph (b)(4) contains an outdated provision related to the Intermarket Options Linkage Plan, which has been replaced by the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage.¹¹

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)¹² that an exchange have rules that are designed to promote just and equitable principles of trade, and to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest. In particular, the Exchange believes the proposed change would provide more flexibility to designate trading platform and Market-Maker categories based on a group of

¹⁰ AIM is a feature within the Hybrid System that provides Trading Permit Holders with the ability to electronically execute agency orders against principal interest or against a solicited order provided the agency order is submitted for electronic execution into an auction.

¹¹ See, e.g., Securities Exchange Act Release No. 56761 (November 7, 2007), 72 FR 64094 (November 14, 2007).

¹² 15 U.S.C. 78f(b)(5).

series in a manner that is consistent with existing CBOE rules that permit such designations on a class basis.

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 Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴ 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.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 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-2010-095 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-2010-095. 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-2010-095 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.¹⁵

Florence E. Harmon
Deputy Secretary

Dated: _____

¹⁵ 17 CFR 200.30-3(a)(12).