

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 25 SECURITIES AND EXCHANGE COMMISSION File No.* SR - 2013 - * 033
 WASHINGTON, D.C. 20549
 Form 19b-4 Amendment No. (req. for Amendments *)

Filing by Chicago Board Options Exchange
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<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)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1)	Section 806(e)(2)
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2)
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposed Rule Change Relating to Complex Orders and Mini-Options.

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 action.

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.

(Title *)

Date

By

(Name *)

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.

Persona Not Validated - 1357598039627,

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies

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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, security-based swap submission, or advance notice 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

Add Remove View

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 its rules regarding complex orders. The text of the proposed rule change is provided below and in Exhibit 5.

[(additions are underlined; deletions are [bracketed])]

* * * * *

**Chicago Board Options Exchange, Incorporated
Rules**

* * * * *

Rule 6.53C. Complex Orders on the Hybrid System

(a) Definition: For purposes of the electronic trading of complex orders pursuant to this Rule, a complex order is any order for the same account as defined below:

(1) A "complex order" is any order involving the execution of two or more different options series in the same underlying security occurring at or near the same time in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) (or such lower ratio as may be determined by the Exchange on a class-by-class basis) and for the purpose of executing a particular investment strategy. Only those complex orders with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis, are eligible for processing.

(2) A "stock-option order" is an order to buy or sell a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of options contract(s) on the opposite side of the market representing either (i) the same number of units of the underlying stock or convertible security, or (ii) the number of units of the underlying stock necessary to create a delta neutral position, but in no case in a ratio greater than eight-to-one (8.00), where the ratio represents the total number of units of the underlying stock or convertible security in the option leg to the total number of units of the underlying stock or convertible security in the stock leg [eight (8) option contracts per unit of trading of the underlying stock or convertible security established for that series by the Clearing Corporation] (or such lower ratio as may be determined by the Exchange on a class-by-class basis). Only those stock-option orders with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis, are eligible for processing.

* * * * *

Section E: Order Protection; Locked and Crossed Markets

Rule 6.80. Definitions

The following terms shall have the meaning specified in this Rule solely for the purpose of this Section E:

* * * * *

(4) "Complex Trade" means: (i) the execution of an order in an option series in conjunction with the execution of one or more related order(s) in different option series in the same underlying security occurring at or near the same time in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.0) and for the purpose of executing a particular investment strategy; or (ii) the execution of a stock-option order to buy or sell a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of option contract(s) on the opposite side of the market representing either (A) the same number of units of the underlying stock or convertible security, or (B) the number of units of the underlying stock or convertible security necessary to create a delta neutral position, but in no case in a ratio greater than eight-to-one (8.00), where the ratio represents the total number of units of the underlying stock or convertible security in the option leg to the total number of units of the underlying stock or convertible security in the stock leg [eight (8) option contracts per unit of trading of the underlying stock or convertible security established for that series by the Clearing Corporation] (or such lower ratio as may be determined by the Exchange on a class-by-class basis). Only those stock-option orders with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis, are eligible for processing.

* * * * *

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange's Executive Vice President approved the proposed rule change pursuant to delegated authority on February 13, 2013.

(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 Corinne Klott, (312) 786-7793.

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

(a) Purpose

CBOE recently amended its rules to allow for the listing of mini-options on SPDR S&P 500 ("SPY"), Apple, Inc. ("AAPL"), SPDR Gold Trust ("GLD"), Google Inc.

(“GOOG”) and Amazon.com Inc. (“AMZN”).¹ Mini-option trading is expected to commence in March 2013. Whereas standard option contracts represent a deliverable of 100 shares of an underlying security, mini-options contracts represent a deliverable of 10 shares. Except for the difference in the number of deliverable shares, mini-options have the same terms and contract characteristics as regular-sized equity and ETF options, including exercise style. Accordingly, the Exchange noted in its original mini-option filing that Exchange rules that apply to the trading of standard option contracts would apply to mini-option contracts as well.²

Prior to the commencement of trading mini-options, the Exchange proposes to amend Rule 6.53C (Complex Orders on the Hybrid System) and Rule 6.80 (Definitions) to provide that Exchange rules regarding complex orders shall apply to mini-options and that consequently, Trading Permit Holders may execute complex and stock-option orders involving mini-options. Moreover, the Exchange seeks to amend these rules to provide that all permissible ratios referenced in the definitions of stock-option orders represent the total number of shares of the underlying stock in the option leg to the total number of shares of the underlying stock in the stock leg.

By way of background, CBOE Rule 6.53C governs Complex Orders on the Hybrid System and CBOE Rule 6.80 lists definitions applicable to intermarket linkage. Currently, stock-option orders are defined in Rule 6.53C(a)(2) and 6.80(4)(ii)(A)-(B) as trades where the options leg of the trade is coupled with the purchase or sale of either (1)

¹ See Securities Exchange Act Release No. 68656 (January 15, 2013), 78 FR 4526 (January 22, 2013) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to List and Trade Option Contracts Overlying 10 Shares of Certain Securities) (SR-CBOE-2013-001).

the same number of units of the underlying stock or convertible security, or (2) the number of units of the underlying stock or convertible security necessary to create a “delta neutral” position, but in no case in a ratio greater than 8 option contracts per unit of trading of the underlying stock or convertible security established for that series by the Clearing Corporation. Therefore, under this definition it would be permissible to execute, for example, a trade where the options leg consists of one (1) standard option contract (i.e., 100 shares) and the stock leg consists of 100 shares of the underlying stock. Additionally, it would be permissible to execute a trade where the options leg consists of eight (8) standard option contracts (i.e., 800 shares) and the stock leg consists of 100 shares of the underlying stock.

Next, “complex order” in Rule 6.53C(a)(1) and “complex trade” in Rule 6.80(4)(i) (collectively referred to as “complex orders”)³ is defined as any order involving the execution of two or more different options series in the same underlying security occurring at or near the same time in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00).

The Exchange notes that the abovementioned permissible ratios were established to ensure that only complex and stock-option orders that seek to achieve legitimate investment strategies are afforded certain benefits. Particularly, since compliance with trade-through rules may impede a market participant’s ability to achieve the legitimate investment strategies that complex and stock-option orders facilitate, an exception from the prohibition on trade-throughs is provided for any transaction that was effected as a

²*Id.*³

The definitions of “complex order” in Rule 6.53C(a)(1) and “complex trade” in Rule 6.80(4)(i) are substantially identical.

portion of a legitimate complex or stock-option order. Requiring a meaningful relationship between the different legs of a complex or stock-option order prevents market participants from taking advantage of these orders to circumvent the otherwise applicable trade-through rules (e.g., preventing the execution of a stock-option order where the option leg consists of 100 options (i.e., 10,000 shares) and the stock leg consists of only 100 shares).

The Exchange first proposes to amend the definition of “stock-option orders” in Rule 6.53C(a)(2) and Rule 6.80(4)(ii)(A)-(B). As discussed above, the stock-option order definition in both Rule 6.53C and Rule 6.80 clearly permits that an option leg may be coupled with a stock leg representing the same number of units of the underlying stock (i.e., one-to-one ratio). The Exchange seeks to provide that mini-options may also be coupled with a stock leg if the stock leg represents the same number of units of the underlying stock. For example, pursuant to the definition, it would be permissible to execute a trade where leg one consists of one (1) mini-option contract (i.e., 10 shares) and leg two consists of 10 shares of the underlying stock.

Next, the Exchange seeks to amend the stock-option order definition in Rule 6.53C and Rule 6.80 to provide that in addition to standard options, mini-options may be coupled with a stock leg consisting of however many units of the underlying stock is necessary to create a delta neutral position, provided that the total number of shares of the underlying stock in the option leg to the total number of shares of the underlying stock in the stock leg does not exceed an eight-to-one ratio. The Exchange notes the definition of a stock-option order in Rule 6.53C and Rule 6.80 was drafted at a time in which only option contracts with a deliverable of 100 shares was contemplated. Therefore, the rules

do not address how the eight-to-one ratio would be scaled in the event an option with a non-standard deliverable becomes available for trading. The language of the rules needs to be amended so that it is clear how Rule 6.53C and 6.80 would apply to mini-options, as well as standard options. Accordingly, the proposed change specifies that the permissible ratios should be calculated and scaled based upon the total number of *shares of the underlying stock* in the option leg to the total number of shares of the underlying stock in the stock leg, instead of by the total number of *option contracts* in the option leg to the total number of shares of the underlying stock in the stock leg. An example of a permitted stock-option order involving mini-options would be an order in which leg one consists of eighty (80) mini-options (i.e., 800 shares) and leg two consists of 100 shares of the underlying stock (i.e., eight-to-one ratio). Similarly, an order where leg one consists of eight (8) mini-options (i.e. 80 shares) and leg two consists of 10 shares of the underlying stock would be permitted.

The proposed rule change provides that market participants may execute stock-option orders involving mini-options. The proposed change also ensures that the principle behind the permissible ratios (i.e., to provide a meaningful relationship between the legs of complex and stock-option orders) is maintained for mini-options. Finally, the Exchange notes that reference to the Clearing Corporation in Rule 6.53C(a)(2) and 6.80(4)(ii)(A)-(B) was superfluous and unnecessary and therefore deleted.

Next the Exchange seeks to make clear that it interprets its current definition of a “complex order” in Rule 6.53C(a)(1) and “complex trade” in Rule 6.80(4)(i)-(ii) to apply to both standard options and mini-options. The Exchange seeks to provide that in accordance to the provisions of Rule 6.53C and Rule 6.80, one leg of a complex order

may consist of mini-option contract(s) and the other leg of the order may consist of standard option(s), so long as the underlying security is the same and the transaction does not violate the permissible ratios set forth in the rules (i.e., ratio greater or equal to one-to-three or less or equal to three-to-one). Moreover, the Exchange seeks to clarify that these permissible ratios represent the total number of shares of the underlying stock in the mini-option leg to the total number of shares of the underlying stock in the standard option leg. An example of a permissible complex order involving mini-options and standard options would be an order in which leg one consists of thirty (30) mini-options (i.e., 300 shares) and leg two consists of one (1) standard option (i.e., 100 shares) in the same underlying security (i.e., a ratio equal to 3.0). Another example of a permissible complex order would be an order in which leg one consists of ten (10) mini-options (i.e., 100 shares) and leg two consists of one (1) standard option (i.e., 100 shares) in the same underlying security (i.e., a ratio equal to one-to-one). The proposed clarification will reduce potential confusion for investors when trading of mini-options becomes effective.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder, including the requirements of Section 6(b) of the Act.⁴ In particular, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁵ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to foster cooperation and coordination with persons engaged in facilitating transactions in

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

securities, 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.

Specifically, the Exchange believes that investors and other market participants would benefit from the current rule proposal because it would allow market participants to take advantage of legitimate investment strategies and execute complex orders and stock-option orders in mini-options. Additionally, the Exchange believes the proposed rule change will avoid investor confusion if both standard options and mini-options on the same underlying security are permitted to trade as complex orders and stock-option orders. Also, the proposal to maintain the permissible ratios that are applicable to standard options in proportion for mini-options ensures that the principle behind the permissible ratios (i.e., to provide a meaningful relationship between the legs of complex and stock-option orders) is maintained for mini-options, which promotes just and equitable principles of trade. The Exchange believes that describing prior to the commencement of trading how the permissible ratios in the complex order and stock-option order rules will be scaled for mini-options would lessen investor and marketplace confusion.

Finally, the Exchange believes that the proposed rule change is designed to not permit unfair discrimination among market participants as all market participants may participate in complex or stock-option orders involving mini-options.

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

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, since mini-options are permitted on multiply-listed classes, other exchanges that have received

approval to trade mini-options will have the opportunity to similarly amend their complex order rules to clarify and accommodate complex orders and stock-option orders in mini-option classes. Moreover, because all Trading Permit Holders may participate in complex and stock-options orders involving mini-options, the rule change does not permit unfair discrimination and does not impose a burden on Trading Permit Holders.

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

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

Item 6. Extension of Time Period for Commission Action

Not applicable.

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

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A)⁶ of the Act and Rule 19b-4(f)(6) thereunder.⁷

(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 its filing date, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Specifically, the proposed rule change amends the definition of stock-option orders to provide that the definition is applicable to mini-options as well as standard options. This proposal is consistent with the already

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(f)(6).

approved concept that Exchange rules that apply to the trading of standard option contracts will also apply to mini-options.⁸ Also, the proposal to maintain the permissible ratios that are applicable to standard options in proportion for mini-options ensures that the principle behind the permissible ratios (i.e., to provide a meaningful relationship between the legs of complex and stock-option orders) is maintained for mini-options. The Exchange also provided the Commission with written notice of its intent to file the proposal, along with a brief description and text of the proposal, 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 pre-filing period and the 30-day operative delay period. The Exchange believes that the changes proposed herein should be effective prior to or on the anticipated launch date of March 18, 2013 in order to minimize confusion and provide clarity and certainty to all market participants. Without waiving the 30-day operative delay, certain mini-option contracts may not be able to trade as “stock-option orders” on the launch date. The Exchange believes that such an outcome could create confusion and should be avoided. The proposed rule change would therefore protect investors. The Exchange also believes that the proposed rule change protects investors and public interest because it provides how the permissible ratios should be scaled for mini-options and ensures investors that complex and stock-option orders involving mini-options are afforded the same level of protection as standard options as soon as they are launched. As a result, the Exchange believes that good reason exists for the Commission to waive the 30-day operative delay so that it is established prior to or on the anticipated launch date of March 18, 2013, that the definitions of complex orders and

⁸ See Note 1, *supra*.

stock-option orders are applicable to mini-options. For the foregoing reasons, the Exchange believes the rule filing qualifies for expedited effectiveness as a “non-controversial” rule change under Rule 19b-4(f)(6) of the Act.

(c) Not applicable.

(d) Not applicable.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

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

Exhibit 5. Proposed Rule Text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CBOE-2013-033

[Insert date]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Complex Orders and Mini-Options

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 [insert date], Chicago Board Options Exchange, Incorporated (the “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 Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its rules related to complex orders. The text of the proposed rule change is also available on the Exchange’s website (<http://www.cboe.org/legal>) at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

on the proposed rule change. The text of these 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 aspects of such statements.

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

1. Purpose

CBOE recently amended its rules to allow for the listing of mini-options on SPDR S&P 500 ("SPY"), Apple, Inc. ("AAPL"), SPDR Gold Trust ("GLD"), Google Inc. ("GOOG") and Amazon.com Inc. ("AMZN").³ Mini-option trading is expected to commence in March 2013. Whereas standard option contracts represent a deliverable of 100 shares of an underlying security, mini-options contracts represent a deliverable of 10 shares. Except for the difference in the number of deliverable shares, mini-options have the same terms and contract characteristics as regular-sized equity and ETF options, including exercise style. Accordingly, the Exchange noted in its original mini-option filing that Exchange rules that apply to the trading of standard option contracts would apply to mini-option contracts as well.⁴

Prior to the commencement of trading mini-options, the Exchange proposes to amend Rule 6.53C (Complex Orders on the Hybrid System) and Rule 6.80 (Definitions) to provide that Exchange rules regarding complex orders shall apply to mini-options and that consequently, Trading Permit Holders may execute complex and stock-option orders involving mini-options. Moreover, the Exchange seeks to amend these rules to provide

³ See Securities Exchange Act Release No. 68656 (January 15, 2013), 78 FR 4526 (January 22, 2013) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to List and Trade Option Contracts Overlying 10 Shares of Certain Securities) (SR-CBOE-2013-001).

⁴ *Id.*

that all permissible ratios referenced in the definitions of stock-option orders represent the total number of shares of the underlying stock in the option leg to the total number of shares of the underlying stock in the stock leg.

By way of background, CBOE Rule 6.53C governs Complex Orders on the Hybrid System and CBOE Rule 6.80 lists definitions applicable to intermarket linkage. Currently, stock-option orders are defined in Rule 6.53C(a)(2) and 6.80(4)(ii)(A)-(B) as trades where the options leg of the trade is coupled with the purchase or sale of either (1) the same number of units of the underlying stock or convertible security, or (2) the number of units of the underlying stock or convertible security necessary to create a “delta neutral” position, but in no case in a ratio greater than 8 option contracts per unit of trading of the underlying stock or convertible security established for that series by the Clearing Corporation. Therefore, under this definition it would be permissible to execute, for example, a trade where the options leg consists of one (1) standard option contract (i.e., 100 shares) and the stock leg consists of 100 shares of the underlying stock. Additionally, it would be permissible to execute a trade where the options leg consists of eight (8) standard option contracts (i.e., 800 shares) and the stock leg consists of 100 shares of the underlying stock.

Next, “complex order” in Rule 6.53C(a)(1) and “complex trade” in Rule 6.80(4)(i) (collectively referred to as “complex orders”)⁵ is defined as any order involving the execution of two or more different options series in the same underlying security occurring at or near the same time in a ratio that is equal to or greater than one-

⁵ The definitions of “complex order” in Rule 6.53C(a)(1) and “complex trade” in Rule 6.80(4)(i) are substantially identical.

to-three (.333) and less than or equal to three-to-one (3.00).

The Exchange notes that the abovementioned permissible ratios were established to ensure that only complex and stock-option orders that seek to achieve legitimate investment strategies are afforded certain benefits. Particularly, since compliance with trade-through rules may impede a market participant's ability to achieve the legitimate investment strategies that complex and stock-option orders facilitate, an exception from the prohibition on trade-throughs is provided for any transaction that was effected as a portion of a legitimate complex or stock-option order. Requiring a meaningful relationship between the different legs of a complex or stock-option order prevents market participants from taking advantage of these orders to circumvent the otherwise applicable trade-through rules (e.g., preventing the execution of a stock-option order where the option leg consists of 100 options (i.e., 10,000 shares) and the stock leg consists of only 100 shares).

The Exchange first proposes to amend the definition of "stock-option orders" in Rule 6.53C(a)(2) and Rule 6.80(4)(ii)(A)-(B). As discussed above, the stock-option order definition in both Rule 6.53C and Rule 6.80 clearly permits that an option leg may be coupled with a stock leg representing the same number of units of the underlying stock (i.e., one-to-one ratio). The Exchange seeks to provide that mini-options may also be coupled with a stock leg if the stock leg represents the same number of units of the underlying stock. For example, pursuant to the definition, it would be permissible to execute a trade where leg one consists of one (1) mini-option contract (i.e., 10 shares) and leg two consists of 10 shares of the underlying stock.

Next, the Exchange seeks to amend the stock-option order definition in Rule

6.53C and Rule 6.80 to provide that in addition to standard options, mini-options may be coupled with a stock leg consisting of however many units of the underlying stock is necessary to create a delta neutral position, provided that the total number of shares of the underlying stock in the option leg to the total number of shares of the underlying stock in the stock leg does not exceed an eight-to-one ratio. The Exchange notes the definition of a stock-option order in Rule 6.53C and Rule 6.80 was drafted at a time in which only option contracts with a deliverable of 100 shares was contemplated. Therefore, the rules do not address how the eight-to-one ratio would be scaled in the event an option with a non-standard deliverable becomes available for trading. The language of the rules needs to be amended so that it is clear how Rule 6.53C and 6.80 would apply to mini-options, as well as standard options. Accordingly, the proposed change specifies that the permissible ratios should be calculated and scaled based upon the total number of *shares of the underlying stock* in the option leg to the total number of shares of the underlying stock in the stock leg, instead of by the total number of *option contracts* in the option leg to the total number of shares of the underlying stock in the stock leg. An example of a permitted stock-option order involving mini-options would be an order in which leg one consists of eighty (80) mini-options (i.e., 800 shares) and leg two consists of 100 shares of the underlying stock (i.e., eight-to-one ratio). Similarly, an order where leg one consists of eight (8) mini-options (i.e. 80 shares) and leg two consists of 10 shares of the underlying stock would be permitted.

The proposed rule change provides that market participants may execute stock-option orders involving mini-options. The proposed change also ensures that the principle behind the permissible ratios (i.e., to provide a meaningful relationship between

the legs of complex and stock-option orders) is maintained for mini-options. Finally, the Exchange notes that reference to the Clearing Corporation in Rule 6.53C(a)(2) and 6.80(4)(ii)(A)-(B) was superfluous and unnecessary and therefore deleted.

Next the Exchange seeks to make clear that it interprets its current definition of a “complex order” in Rule 6.53C(a)(1) and “complex trade” in Rule 6.80(4)(i)-(ii) to apply to both standard options and mini-options. The Exchange seeks to provide that in accordance to the provisions of Rule 6.53C and Rule 6.80, one leg of a complex order may consist of mini-option contract(s) and the other leg of the order may consist of standard option(s), so long as the underlying security is the same and the transaction does not violate the permissible ratios set forth in the rules (i.e., ratio greater or equal to one-to-three or less or equal to three-to-one). Moreover, the Exchange seeks to clarify that these permissible ratios represent the total number of shares of the underlying stock in the mini-option leg to the total number of shares of the underlying stock in the standard option leg. An example of a permissible complex order involving mini-options and standard options would be an order in which leg one consists of thirty (30) mini-options (i.e., 300 shares) and leg two consists of one (1) standard option (i.e., 100 shares) in the same underlying security (i.e., a ratio equal to 3.0). Another example of a permissible complex order would be an order in which leg one consists of ten (10) mini-options (i.e., 100 shares) and leg two consists of one (1) standard option (i.e., 100 shares) in the same underlying security (i.e., a ratio equal to one-to-one). The proposed clarification will reduce potential confusion for investors when trading of mini-options becomes effective.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder, including the requirements of Section 6(b) of the Act.⁶ In particular, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁷ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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.

Specifically, the Exchange believes that investors and other market participants would benefit from the current rule proposal because it would allow market participants to take advantage of legitimate investment strategies and execute complex orders and stock-option orders in mini-options. Additionally, the Exchange believes the proposed rule change will avoid investor confusion if both standard options and mini-options on the same underlying security are permitted to trade as complex orders and stock-option orders. Also, the proposal to maintain the permissible ratios that are applicable to standard options in proportion for mini-options ensures that the principle behind the permissible ratios (i.e., to provide a meaningful relationship between the legs of complex and stock-option orders) is maintained for mini-options, which promotes just and equitable principles of trade. The Exchange believes that describing prior to the commencement of trading how the permissible ratios in the complex order and stock-

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

option order rules will be scaled for mini-options would lessen investor and marketplace confusion.

Finally, the Exchange believes that the proposed rule change is designed to not permit unfair discrimination among market participants as all market participants may participate in complex or stock-option orders involving mini-options.

B. Self-Regulatory Organization's Statement on Burden on Competition

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, since mini-options are permitted on multiply-listed classes, other exchanges that have received approval to trade mini-options will have the opportunity to similarly amend their complex order rules to clarify and accommodate complex orders and stock-option orders in mini-option classes. Moreover, because all Trading Permit Holders may participate in complex and stock-options orders involving mini-options, the rule change does not permit unfair discrimination and does not impose a burden on Trading Permit Holders.

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 proposed rule change.

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

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- C. become operative for 30 days from the date on which it was filed, or such

shorter time as the Commission may designate, it has become effective pursuant to

Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6)⁹ thereunder. At any time within 60 days of the filing of the 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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

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-2013-033 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2013-033. 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

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6).

Commission will post all comments on the Commission's Internet website (<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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. 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-2013-033 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.¹⁰

Secretary

¹⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Chicago Board Options Exchange, Incorporated
Rules

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Rule 6.53C. Complex Orders on the Hybrid System

(a) Definition: For purposes of the electronic trading of complex orders pursuant to this Rule, a complex order is any order for the same account as defined below:

(1) A "complex order" is any order involving the execution of two or more different options series in the same underlying security occurring at or near the same time in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) (or such lower ratio as may be determined by the Exchange on a class-by-class basis) and for the purpose of executing a particular investment strategy. Only those complex orders with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis, are eligible for processing.

(2) A "stock-option order" is an order to buy or sell a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of options contract(s) on the opposite side of the market representing either (i) the same number of units of the underlying stock or convertible security, or (ii) the number of units of the underlying stock necessary to create a delta neutral position, but in no case in a ratio greater than eight-to-one (8.00), where the ratio represents the total number of units of the underlying stock or convertible security in the option leg to the total number of units of the underlying stock or convertible security in the stock leg [eight (8) option contracts per unit of trading of the underlying stock or convertible security established for that series by the Clearing Corporation] (or such lower ratio as may be determined by the Exchange on a class-by-class basis). Only those stock-option orders with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis, are eligible for processing.

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Section E: Order Protection; Locked and Crossed Markets

Rule 6.80. Definitions

The following terms shall have the meaning specified in this Rule solely for the purpose of this Section E:

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(4) "Complex Trade" means: (i) the execution of an order in an option series in conjunction with the execution of one or more related order(s) in different option series in the same underlying security occurring at or near the same time in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.0) and for the

purpose of executing a particular investment strategy; or (ii) the execution of a stock-option order to buy or sell a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of option contract(s) on the opposite side of the market representing either (A) the same number of units of the underlying stock or convertible security, or (B) the number of units of the underlying stock or convertible security necessary to create a delta neutral position, but in no case in a ratio greater than eight-to-one (8.00), where the ratio represents the total number of units of the underlying stock or convertible security in the option leg to the total number of units of the underlying stock or convertible security in the stock leg [eight (8) option contracts per unit of trading of the underlying stock or convertible security established for that series by the Clearing Corporation] (or such lower ratio as may be determined by the Exchange on a class-by-class basis). Only those stock-option orders with no more than the applicable number of legs, as determined by the Exchange on a class-by-class basis, are eligible for processing.

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