

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57095; File No. SR-CBOE-2007-65)

January 3, 2008

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Granting Approval of a Proposed Rule Change as Modified by Amendment No. 1 Thereto Regarding Nullification and Modification of Transactions Executed on CBOE Stock Exchange

On June 12, 2007, the Chicago Board Options Exchange, Incorporated (“CBOE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to make various revisions to CBOE Stock Exchange (“CBSX”) Rule 52.4, which governs the nullification and modification of transactions executed on CBSX. On November 8, 2007, the CBOE submitted Amendment No. 1 to the proposed rule change. The proposed rule change, as amended, was published for comment in the Federal Register on November 27, 2007.³ The Commission received no comment letters on the proposal. This order approves the proposed rule change as amended.

The Exchange proposes to revise CBSX Rule 52.4 to: (1) require a request for review of a transaction to be made by only one of the following methods: telephone; facsimile; or e-mail (in order to simplify the process for those making requests); (2) require such a request to be made within thirty minutes of the trade in question, or within forty-five minutes of the trade if that trade occurred within the first thirty minutes of trading in the product involved in the trade (in order to give more time for requests which, based on the Exchange’s experience so far, is necessary); (3) give the individual(s) who reviews transactions under the Rule the label of

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 56818 (November 19, 2007), 72 FR 66205.

“designated official,” so that they need not be officers of the Exchange; and (4) eliminate the requirement that the notification to the parties to the trade of the official’s determination be given in writing and by the official. The aforementioned changes numbered (1) and (4) are based on, and conform CBSX Rule 52.4 to, NYSE Arca Equities Rules 7.10(b) and 7.10(c)(1), respectively.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange⁴ and, in particular, the requirements of Section 6(b) of the Act⁵ and the rules and regulations thereunder. Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,⁶ in that it is designed to promote just and equitable principles of trade, serve to remove impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.

The Commission believes that the Exchange’s proposal to revise its CBSX rule governing clearly erroneous transactions is appropriate.

⁴ In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁷ that the proposed rule change (SR-CBOE-2007-65), as amended, is hereby approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Florence E. Harmon
Deputy Secretary

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).