

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-57865; File No. SR-CBOE-2008-02)

May 23, 2008

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving Proposed Rule Change, as Modified by Amendment No. 1 Thereto, to Replace References to Certain Committees with a Reference to the Exchange

I. Introduction

On March 17, 2008, 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 (the “Act”),¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its rules to replace references to certain committees with a reference to the “Exchange.” On April 7, 2008, CBOE submitted Amendment No. 1 to the proposed rule change. The proposed rule change was published for comment in the Federal Register on April 14, 2008.³ The Commission received no comments on the proposal. This order approves the proposed rule change, as modified by Amendment No. 1.

II. Description of the Proposal

The Exchange proposes to amend CBOE Rules to delete certain references to the appropriate Procedure, Floor Officials, appropriate Market Performance, Membership, and Product Development Committees, as well as certain general references to committees such as the “appropriate Exchange committee.” These references are being replaced with a reference to the “Exchange.”

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 57629 (April 7, 2008), 73 FR 20076 (“Notice”).

The Exchange proposes to make these changes to simplify and standardize its delegations of authority with respect to these Exchange committees. Under CBOE’s organizational structure, Exchange committees can derive their authority in one of two ways. In addition to any powers and duties specifically granted in CBOE’s Constitution or Rules, each committee has such other powers and duties as may be delegated to it by the Board of Directors (“Board”).⁴ Thus, in some instances CBOE’s Constitution or Rules specifically reference a particular committee or “appropriate Exchange committee.” In other instances, the Board separately delegates a particular authority to a committee. Because the authority exercised by committees may be delegated by the Board, the Exchange believes that referencing these committees in the rule text is not necessary. Instead, the Exchange believes a better approach than making a specific reference to the above-listed committees or a general reference to the “appropriate Exchange committee” in the rule text is to simply reference the “Exchange.” In this way, the Exchange would have the flexibility to determine who would perform the authorities under the CBOE Rules, which might include Exchange officials or the Board determining to delegate certain authorities to an appropriate Exchange committee.⁵ In addition, deleting references to these committees and specifying the “Exchange” instead would be more efficient from an administrative perspective because the Exchange would not have to make a rule change merely,

⁴ See Rule 2.1(d).

⁵ As indicated above, Exchange committees only have authorities to the extent specifically granted in CBOE’s Constitution or Rules or by Board delegation. The Board may also exercise authorities of the “Exchange” under CBOE’s Constitution and Rules. In addition, authorities of the “Exchange” may be performed by other Exchange officials. For example, the Exchange’s Chief Executive Officer, President or other officials or designees may have authorities of the “Exchange” as long as it is not inconsistent with CBOE’s Constitution or Rules or any Board directive.

for instance, to accommodate a change in the title of a committee or to accommodate the reassignment of an authority to another committee.⁶

In addition, the Exchange proposes various other amendments to CBOE Rules that would accommodate the above-described changes and simplify the pertinent rule text. The Exchange has not proposed any revisions to its current disciplinary, arbitration or appeals procedures (or related Business Conduct, Arbitration and Appeals Committees) as part of the proposed rule change.⁷

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 exchange.⁸ In particular, the Commission finds that the proposal is consistent with Section 6(b)(1) of the Act,⁹ which requires that an exchange be so organized and have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its members and persons associated with its members, with the Act, the rules and regulations thereunder, and the rules of the exchange. In addition, the Commission finds that the proposal is consistent with

⁶ See, e.g., Securities Exchange Act Release Nos. 53537 (March 21, 2006), 71 FR 15778 (March 29, 2006) (SR-CBOE-2006-15) (deleting from the CBOE Rules any specific references to the certain named committees because the Exchange determined to eliminate these committees and reassign their respective authorities to other committees and/or to Exchange staff) and 39479 (December 22, 1997), 62 FR 68326 (December 31, 1997) (SR-CBOE-97-61) (deleting from the CBOE Rules any specific references to, and adding ‘appropriate’ to all references that related to certain named committees).

⁷ The Commission notes that CBOE’s committees relating to disciplinary, arbitration, and appeals matters and procedures are specifically defined in the CBOE Rules; any amendments to the rules relating to such committees and procedures would require CBOE to file a proposed rule change under Section 19(b) of the Act. 15 U.S.C 78s(b).

⁸ In approving this proposed rule change, the Commission notes that it has considered the proposed rule’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁹ 15 U.S.C. 78f(b)(1).

Section 6(b)(5) of the Act,¹⁰ in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission notes that the proposed rule change is designed to simplify and standardize delegations of authority under the CBOE Rules. The Commission notes that, under the proposed rule change, the Exchange would have the flexibility to delegate authorities under its rules to Exchange staff or an Exchange committee, as appropriate, which could foster greater efficiency from an administrative perspective. The Commission further notes that the Exchange has not proposed any revisions to its current disciplinary, arbitration or appeals procedures (or related Business Conduct, Arbitration and Appeals Committees) as part of the proposed rule change. The Commission believes that CBOE's proposal is consistent with the requirements of the Act.

¹⁰ 15 U.S.C. 78f(b)(5).

III. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,¹¹ that the proposed rule change (SR-CBOE-2008-02) is hereby approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Florence E. Harmon
Deputy Secretary

¹¹ 15 U.S.C. 78s(b)(2).

¹² 17 CFR 200.30-3(a)(12).