

because the additional quote and message traffic from any additional index option series is not expected to significantly impact current system capacity. In addition, the Exchange believes the proposed rule change is consistent with the provisions of Section 6 of the Act,¹⁰ in general, and with Section 6(b)(5) of the Act,¹¹ in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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.

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

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

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

Written comments were neither solicited nor received.

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

Because the foregoing 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 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 Act¹² and Rule 19b-4(f)(6) thereunder.¹³

A proposed rule change filed under Rule 19b-4(f)(6) may not become operative prior to 30 days after the date of filing, unless the Commission designates a shorter time if such action is consistent with the protection of investors and the public interest.¹⁴ The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that

waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The Commission notes that other self-regulatory organizations recently adopted substantially similar rule changes that were effective upon filing,¹⁵ and that this filing raises no new regulatory issues.

The Commission notes the Exchange's representations that it possesses the necessary systems capacity to handle the additional traffic associated with the additional listing of a seventh contract month in order to maintain four consecutive near term contract months for those broad-based security index options upon which the Exchange calculates a constant three-month volatility index. The Commission hereby grants the Exchange's request and designates the proposal as operative upon filing.¹⁶

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-BSE-2008-14 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-BSE-2008-14. 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, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of BSE. 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-BSE-2008-14 and should be submitted on or before April 23, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Florence E. Harmon,
Deputy Secretary.

[FR Doc. E8-6788 Filed 4-1-08; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57568; File No. SR-CBOE-2008-32]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Off-Floor DPMs

March 26, 2008.

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 March 24, 2008, the Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the

¹⁰ 15 U.S.C. 78f.

¹¹ 15 U.S.C. 78f(b)(5).

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give 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. BSE has complied with this requirement.

¹⁵ See Securities Exchange Act Release Nos. 57284 (February 7, 2008), 73 FR 8387 (February 13, 2008) (SR-NYSEArca-2008-16); 57104 (January 4, 2008), 73 FR 2070 (January 11, 2008) (SR-ISE-2007-113); 57449 (March 7, 2008), (SR-Amex-2008-13).

¹⁶ For purposes only of waiving the 30-day operative delay of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

“Commission”) the proposed rule change as described in Items I and II below, which Items have been substantially 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 proposes to amend CBOE rules relating to DPMs. The text of the proposed rule change is available at the Exchange, at the Commission’s Public Reference Room, and at <http://www.cboe.org/Legal>.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of 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

Last year, CBOE amended its rules to provide DPMs with the flexibility to operate remotely away from CBOE’s trading floor as a so-called “Off-Floor DPM.”⁵ At the time, CBOE stated that a DPM could function as an Off-Floor DPM in equity option classes. CBOE now proposes to amend its rules to provide DPMs with the same flexibility to operate as an Off-Floor DPM in any option class traded on the Hybrid Trading System and Hybrid 2.0 Platform. Specifically, CBOE proposes to amend CBOE Rule 8.80 and CBOE Rule 8.83, which describe the option classes in which an Off-Floor DPM can function.⁶

CBOE proposes to clarify that an Off-Floor DPM can function in option classes traded on the Hybrid 2.0 Platform⁷ in addition to the Hybrid Trading System.⁸ At the time CBOE’s rule filing to allow Off-Floor DPMs was approved, CBOE’s trading platforms included the Hybrid Trading System and the Hybrid 2.0 Platform, the latter of which was encompassed in the definition of Hybrid Trading System under CBOE Rule 1.1(aaa). Later in 2007, however, CBOE established a new trading platform—the Hybrid 3.0 Platform.⁹ Accordingly, CBOE wishes to clarify that Off-Floor DPMs can function in the Hybrid Trading System and the Hybrid 2.0 Platform, but not the Hybrid 3.0 Platform.

By expanding the types of option classes in which an Off-Floor DPM can function, CBOE believes that the rule change will provide flexibility to member organizations that may wish to function remotely in various types of option classes. It will further provide flexibility to CBOE when allocating option classes, as CBOE could determine to allocate non-equity option classes to a DPM or an Off-Floor DPM. Expanding the category of option classes in which a DPM can function as an Off-Floor DPM also removes a potential operational issue for a DPM that has been allocated equity and non-equity option classes. Absent this change to CBOE’s rules, a DPM organization that is approved to function as an Off-Floor DPM would need to maintain a presence on the trading floor as a DPM for its non-equity option classes, while being permitted to function as an Off-Floor DPM in its equity option classes. Accordingly, CBOE believes that the proposed rule change is designed to promote just and equitable principles of trade and also promotes efficiency.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁰ Specifically, the Exchange believes the proposed rule change is consistent with the requirements of

Section 6(b)(5) of the Act¹¹ that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and, in general, to protect investors and the public interest.

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)(iii) of the Act¹² and Rule 19b-4(f)(6) thereunder.¹³ At any time within 60 days of the filing of such proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

filing, that the DPM participation entitlement for orders represented in open outcry is only applicable to an On-Floor DPM. See CBOE Rules 8.83 and 8.87.

⁷ The Hybrid 2.0 Platform is an enhanced platform that allows remote quoting by authorized categories of members.

⁸ See CBOE Rule 1.1(aaa).

⁹ See Securities Exchange Act Release No. 55874 (June 7, 2007), 72 FR 32688 (June 13, 2007) (SR-CBOE-2006-101).

¹⁰ 15 U.S.C. 78f(b).

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ See Securities Exchange Act Release No. 55531 (March 26, 2007), 72 FR 15736 (April 2, 2007) (SR-CBOE-2006-94) (the “original filing”).

⁶ CBOE also proposes to amend CBOE Rule 6.45B to clarify, as it did CBOE Rule 6.45A in the original

¹¹ 15 U.S.C. 78f(b)(5).

¹² 15 U.S.C. 78s(b)(3)(A)(iii).

¹³ 17 CFR 240.19b-4(f)(6). Rule 19b-4(f)(6) under the Act requires a self-regulatory organization to give written notice of a proposed rule change filed pursuant to this subsection at least five business days prior to filing. CBOE complied with this requirement.

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-2008-32 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR-CBOE-2008-32. 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 a.m. and 3 p.m. Copies of such 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-2008-32 and should be submitted on or before April 23, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57556; File No. SR-CBOE-2008-03]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving Proposed Rule Change Relating to Complex Orders

March 26, 2008.

I. Introduction

On January 14, 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 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change regarding complex orders. The proposed rule change was published for comment in the **Federal Register** on February 21, 2008.³ The Commission received no comments regarding the proposal.

II. Description of the Proposal

The Exchange is proposing to amend its priority provisions contained in CBOE Rules 6.45, 6.45A and 6.45B to provide that a complex order may be executed at a net debit or credit price with another member without giving priority to equivalent bids (offers) in the individual series legs that are represented in the public customer limit order book, provided that one leg of the complex order betters the corresponding bid (offer) in the public customer limit order book by at least the amount determined by the Exchange on a class-by-class basis. The amount shall be either (i) one minimum trading increment (*i.e.*, \$0.10, \$0.05 or \$0.01, as applicable) or (ii) a \$0.01 increment. Currently, the rules provide that one leg of a complex order must better the corresponding bid (offer) in the public customer limit order book by at least one minimum trading increment.⁴

III. Discussion

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.⁵ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁶ which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market, and, in general, to protect investors and the public interest.

The Commission believes that it is beneficial for orders in the same securities directed to an exchange to interact with each other, as such interaction promotes efficient exchange trading and protects investors by assuring that orders are executed pursuant to a single set of priority rules that are consistently and fairly applied. The Commission notes that CBOE maintains a complex order book ("COB") to facilitate more automated handling of complex orders traded on the Hybrid System by permitting market participants to place complex orders at net debit/credit prices on a central limit order book.⁷ In addition, market participants may choose to enter complex orders into the complex order auction ("COA") for potential price improvement via the automated request for responses process.⁸ The Commission believes that the proposed rule change to modify the Exchange's priority provisions for complex orders is appropriate in this circumstance in light of the price competition for complex orders driven by the COB and the availability of the COA. The Commission believes that the proposal could enhance the orderly execution of complex orders on the CBOE and could provide new opportunities for price improvement. The Commission believes that these benefits outweigh the minimal impact on the efficient interaction of public customer orders in

⁵ 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).

⁶ 15 U.S.C. 78f(b)(5).

⁷ See Securities Exchange Act Release No. 51271 (February 28, 2005), 70 FR 10712 (March 4, 2005).

⁸ See Securities Exchange Act Release No. 54135 (July 12, 2006), 71 FR 41287 (July 20, 2006). In addition, the Commission notes that the legs of a COA-eligible order may be executed in \$0.01 increments, regardless of the minimum quoting increments that otherwise would apply to the individual legs of the order. See CBOE Rule 6.53C(d)(v). CBOE rules also allow complex orders routed to or resting in the COB to be expressed and executed in \$0.01 increments, thereby providing additional price points at which complex orders could be executed. See CBOE Rule 6.53C(c)(ii).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 57326 (February 13, 2008), 73 FR 9609.

⁴ Currently, for example, if a complex order spread market is quoted on a net debit/credit basis at \$0.90 to \$1.10 and there are orders represented in the public customer limit order book in the individual series at each of the respective prices, the complex order may only be executed with another member at a net price of \$0.95 to \$1.05. Under the proposed revisions, a complex order may be executed at a net price of \$0.91 to \$1.09, permitting price improvement at net prices ranging from \$0.91-\$0.94 and \$1.06-\$1.09.

¹⁴ 17 CFR 200.30-3(a)(12).