

add C2 as a Sponsor of the OLPP. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Description and Purpose of the Amendment

The current Sponsors of the OLPP are BATS, BOX, CBOE, ISE, NYSE Amex, NYSE Arca, OCC, Phlx and Nasdaq. The proposed amendment to the OLPP would add C2 as a Sponsor of the OLPP. A national securities exchange may become a Sponsor if it satisfies the requirement of Section 7 of the OLPP. Specifically an Eligible Exchange⁴ may become a Sponsor of the OLPP by: (i) Executing a copy of the OLPP, as then in effect; (ii) providing each current Plan Sponsor with a copy of such executed Plan; and (iii) effecting an amendment to the OLPP, as specified in Section 7(ii) of the OLPP.

Section 7(ii) of the OLPP sets forth the process by which an Eligible Exchange may effect an amendment to the OLPP. Specifically, an Eligible Exchange must: (a) Execute a copy of the OLPP with the only change being the addition of the new sponsor's name in Section 8 of the OLPP; and (b) submit the executed OLPP to the Commission. The OLPP then provides that such an amendment will be effective at the later of either the amendment being approved by the Commission or otherwise becoming effective pursuant to Section 11A of the Act. C2 has submitted a signed copy of the OLPP to the Commission in accordance with the procedures set forth in the OLPP regarding new Plan Sponsors.

II. Effectiveness of the Proposed Linkage Plan Amendment

The foregoing proposed OLPP amendment has become effective pursuant to Rule 608(c)(3)(iii)⁵ because it involves solely technical or ministerial matters. At any time within sixty days of the filing of this amendment, the Commission may summarily abrogate the amendment and require that it be refiled pursuant to paragraphs (b)(1) of Rule 608,⁶ if it appears to the Commission that such

action is necessary or appropriate in the public interest, for the protection of investors or the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system or otherwise in furtherance of the purposes of the Act.

III. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed amendment 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 4-443 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 4-443. 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 Web viewing and printing 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 C2's principal office. 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 No. 4-443 and should be submitted on or before November 18, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63155; File No. SR-CBOE-2010-096]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Expand the Range of Strike Price Intervals for VIX Options

October 21, 2010.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that, on October 19, 2010, the Chicago Board Options Exchange, Incorporated ("CBOE" or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II 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

CBOE proposes to amend Rule 24.9.01(e), *Terms of Index Option Contracts*, to expand the range of strike price intervals for options on the CBOE Volatility Index ("VIX"). The text of the rule proposal is available on the Exchange's Web site (<http://www.cboe.org/legal>), at the Exchange's principal office, 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 self-regulatory organization included statements concerning the purpose of

⁴ The OLPP defines an "Eligible Exchange" as a national securities exchange registered with the Commission pursuant to Section 6(a) of the Exchange Act, 15 U.S.C. 78f(a), that (1) has effective rules for the trading of options contracts issued and cleared by the OCC approved in accordance with the provisions of the Exchange Act and the rules and regulations thereunder and (2) is a party to the Plan for Reporting Consolidated Options Last Sale Reports and Quotation Information (the "OPRA Plan"). C2 has represented that it has met both the requirements for being considered an Eligible Exchange.

⁵ 17 CFR 242.608(b)(3)(iii).

⁶ 17 CFR 242.608(b)(1).

⁷ 17 CFR 200.30-3(a)(29).

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).

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this rule filing is to amend Rule 24.9.01(e), *Terms of Index Option Contracts*, to expand the range of strike price intervals for options on the CBOE Volatility Index ("VIX"). Currently, Rule 24.9.01(e) permits the Exchange to list series at \$1 or greater strike price intervals for each VIX expiration. Dollar strikes for VIX options, however, are centered around a limited range based on VIX futures prices. Specifically, the Exchange may open up to five option series above and five option series below the current index level, which is based on VIX futures prices. As the current index level moves, the Exchange may open additional series within the same range (*i.e.*, five above/below). This filing proposes to eliminate the band that limits the number of \$1 strikes that may be listed in VIX options.

In support of this modification, the Commission has already addressed the policy issue raised by this filing, *i.e.*, broader range of \$1 strikes for vehicles to trade S&P 500 volatility, and the Commission has already approved \$1 strikes for VIX options.⁵ The Exchange notes since the strike setting parameters for VIX options were first established, other products have been introduced that compete with VIX options, but do not have similar strike adding restrictions. For example, \$1 or greater strike price intervals (where the strike price is less than \$200) are permitted for options on the iPath S&P 500 VIX Short-Term Futures Index ETN ("VXX") and on the iPath S&P 500 VIX Mid-Term Futures Index ETN ("VXZ").

VXX and VXZ are exchange traded notes that "are linked to the performance of an underlying index that is designed to provide investors with exposure to one or more maturities of futures contracts on the VIX Index,

which reflect implied volatility of the S&P 500 Index at various points along the volatility forward curve."⁶ The futures contracts on the VIX level that the VXX and VXZ notes are linked to are listed for trading on the CBOE Futures Exchange, LLC ("CFE"). VIX options traded on CBOE overlie the same index on which CFE lists futures contracts. As a result, options on VIX, VXX and VXZ are competing listed vehicles to trade volatility and market participants may use the products interchangeably. In addition, CFE launched Weekly Options on VIX futures on September 28, 2010, and \$0.50 or greater strike price intervals are permitted.

CBOE notes that the Commission has previously permitted similar \$1 strike setting regimes for other index options that compete with physically-settled options. Specifically, \$1 strikes are permitted for options on the Mini-Russell 2000 Index ("RMN")⁷ and for options on the iShares Russell 2000 Index Fund ("IWM").⁸ Similarly, \$1 strikes are permitted for options on the Mini S&P 500 Index ("Mini SPX")⁹ and for options on the Standard and Poor's Depository Receipts Trust ("SPY").¹⁰

In addition, the Exchange states that it has received requests to add strikes so that market participants may be able to "roll" expiring positions; that is, trade out of an expiring VIX option with a certain strike and re-establish a new position in the next month's VIX option with the same strike. Because the strike setting regime for volatility index options is tied to futures prices, certain strikes may not be available for listing, thus creating the situation in which rolling cannot be accomplished.

In order to be able to compete effectively and provide market participants with products that can be used to hedge other products already trading in the market, CBOE believes that untying the addition of \$1 or greater strikes to the "current index level" will provide investors with greater flexibility by allowing them to establish positions that are better tailored to meet their investment objectives.

Capacity

CBOE has analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority have the necessary systems

capacity to handle the additional traffic associated with the expanded range of strike price intervals for VIX options.

2. Statutory Basis

Because the current proposed is limited to VIX options for which \$1 strikes are already permitted and because the series could be added without presenting capacity problems, the Exchange believes the rule proposal is consistent with the Securities Exchange Act of 1934 (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.¹¹ Specifically, the Exchange believes that the proposed rule change is consistent with the Section 6(b)(5) Act¹² requirements 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

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

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

Because the foregoing proposed 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, 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

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of the proposed rule change,

⁵ See Securities Exchange Act Release Nos. 61696 (March 12, 2010), 75 FR 13174 (March 18, 2010) (SR-CBOE-2010-005) (order approving \$1 strikes for options on index-linked securities) and No. 54192 (July 21, 2006), 71 FR 43251 (July 31, 2006) (SR-CBOE-2006-27) (order approving \$1 strikes for VIX options).

⁶ See Pricing Supplement to the Barclay's iPath Prospectus, dated August 31, 2010, at PS-1, which is available at: <http://ipathetn.com/pdf/vix-prospectus.pdf>.

⁷ See Rule 24.9.01(k).

⁸ See Rule 5.5.06.

⁹ See Rule 24.9.11.

¹⁰ See Rule 5.5.06.

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.

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-2010-096 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-2010-096. 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 Web site viewing and printing 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 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

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 Exchange has satisfied this requirement.

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-2010-096 and should be submitted on or before November 18, 2010.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63164; File No. SR-C2-2010-005]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Rule 6.12

October 22, 2010.

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 October 14, 2010, C2 Options Exchange, Incorporated ("Exchange" or "C2") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II 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 proposes to modify the wording of Rule 6.12 relating to the C2 matching algorithm. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.org/Legal>), at the Exchange's Office of the Secretary, at the Commission's Public Reference Room, and on the Commission's Web site at <http://www.sec.gov>.

¹⁵ 17 CFR 200.30-3(a)(12).

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, C2 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

In 2009, C2 was registered as a national securities exchange under Section 6 of the Exchange Act.⁵ C2 has yet to commence trading options, however a launch is anticipated in October 2010. The central purpose of this filing is to streamline Rule 6.12 relating to order execution and priority. Currently Rule 6.12 allows C2 to select a base matching algorithm and subsequently overlay certain priorities over the selected base algorithm. There are currently two base algorithms: price-time (often referred to as first in, first out or FIFO) in which trading interest at a given price point is ranked based on time priority, and pro-rata in which trading interest at a given price point is ranked based on the size of each order/quote at that price. The priority overlays allowed under Rule 6.12 are public customer priority (priority to non-broker-dealer orders), trade participation right priority (priority, up to a designated percentage, for qualifying Preferred Market-Makers), and market turner priority (priority, up to a designated percentage, for participants that are first to improve the market price on C2).

C2 seeks to simplify Rule 6.12 to allow for 3 choices of matching algorithms: price-time, pro-rata, and price-time with first priority going to public customers and second priority pursuant to the trade participation right. The first two of these options are unchanged. C2 believes that adding the third, which is achievable under existing C2 Rule 6.12 and which is the intended algorithm of choice for the C2 launch, makes C2 matching rules clearer for C2 users. Thus, the filing is not in

⁵ See Exchange Act Release No. 61152 (Dec. 10, 2009), 74 FR 66699 (Dec. 16, 2009).