

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-56997; File No. SR-CBOE-2007-129)

December 19, 2007

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order  
Approving a Proposed Rule Change Regarding the CBSX Floor Post

On November 2, 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” or “Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposal to eliminate from the rules of the CBOE Stock Exchange (“CBSX”) the requirement that CBSX maintain a space on the CBOE trading floor to allow for in-person price discovery in CBSX securities (the “Floor Post”) and the requirement that CBSX Designated Primary Market-Makers (“DPMs”) staff the Floor Post. The proposal was published for comment in the Federal Register on November 14, 2007.<sup>3</sup> The Commission received no comments on the proposal. This order approves the proposed rule change.

CBSX is the Exchange’s stock trading facility. It is an all-electronic trading platform. In connection with the establishment of CBSX, the Exchange established a Floor Post on the CBOE trading floor (apart from the equity option trading posts) to allow for in-person price discovery. All CBSX DPMs currently are required to maintain personnel at the Floor Post to respond to price discovery inquiries from brokers. Any resulting orders/trades are entered and processed electronically. There is no open-outcry trading on CBSX.

The Exchange proposes to modify Rule 51.12 to state that CBSX “may” maintain a Floor Post. Currently, Rule 51.12 states that CBSX “will” maintain a Floor Post. The Exchange stated

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 56762 (November 7, 2007), 72 FR 64096.

that it intends to continue to maintain the Floor Post; however, this change will permit the Exchange to remove the Floor Post if at a later time the Exchange deems such action prudent.

The Exchange also proposes to eliminate the requirement that CBSX DPMs maintain personnel at the Floor Post. As proposed, it would be optional for CBSX DPM firms to staff the Floor Post. The Exchange stated that some CBSX DPMs have requested this change to allow them to more efficiently allocate resources.

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.<sup>4</sup> Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,<sup>5</sup> which requires that the Exchange's rules 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 a national market system, and to protect investors and the public interest.

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

<sup>5</sup> 15 U.S.C. 78f(b)(5).

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> that the proposed rule change (File No. SR-CBOE-2007-129) be, and it hereby is, approved.

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

Florence E. Harmon  
Deputy Secretary

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<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> 17 CFR 200.30-3(a)(12).