

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-59601; File No. SR-CBOE-2009-018)

March 19, 2009

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change Related to Short Term Option Series

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 13, 2009, the Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change, as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 is proposing to make permanent its Short Term Option Series pilot program (the “Weeklys Program”). In addition, the Exchange is proposing certain non-substantive changes to reorganize its rule text related to the Weeklys Program so that applicable terms are located within a single section of the relevant rules. Conforming, non-substantive changes are being proposed to the text of the Exchange’s Quarterly Option Series Pilot Program (the “Quarterlys Program”). The text of the proposed rule change is available on the Exchange’s website (<http://www.cboe.org/Legal>), at the Office of the Secretary, CBOE and at the Commission.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 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

On July 12, 2005, the Commission approved the Weeklys Program.³ The Weeklys Program allows CBOE to list and trade Short Term Option Series, which would expire one week after the date on which a series is opened. Under the Weeklys Program,

³ See Securities Exchange Act Release No. 52011 (July 12, 2005), 70 FR 41451 (July 19, 2005)(SR-CBOE-2004-63)(“Weeklys Program Approval Order”). The Weeklys Program has since been extended and is currently scheduled to expire on July 12, 2009. See Securities Exchange Act Release No. 53984 (June 14, 2006), 71 FR 35718 (June 21, 2006)(SR-CBOE-2006-48)(immediately effective rule change extending the Weeklys Program, which would have otherwise expired on July 12, 2006, through July 12, 2007), 56050 (July 11, 2007), 72 FR 39472 (July 18, 2007)(SR-CBOE-2007-76)(immediately effective rule change extending the Weeklys Program through July 12, 2008); and 58094 (July 3, 2008), 73 FR 40000 (July 11, 2008)(SR-CBOE-2008-70)(immediately effective rule change extending the Weeklys Program through July 12, 2009); see also Securities Exchange Act Release Nos. 54338 (August 21, 2006), 71 FR 50952 (August 28, 2006)(SR-CBOE-2006-49)(order approving an amendment to the Weeklys Program that increased the number of series that may be listed for a class selected to participate in the Weeklys Program from five series to seven series), and 58870 (October 28, 2008), 73 FR 65430 (November 3, 2008)(SR-CBOE-2008-110)(immediately effective rule change increasing the number of series that may be listed for a classes selected to participate in the Weeklys Program from seven series to twenty series).

CBOE can select up to five approved option classes on which Short Term Option Series could be opened. If selected for the Weeklys Program, the Exchange may open up to twenty Short Term Option Series for each expiration date in that class. The strike price of each Short Term Option Series are fixed at a price per share, with approximately the same number of strike prices above and below the value of the underlying security or calculated index value at about the time that the Short Term Option Series is opened.⁴ If the Exchange opens less than twenty Short Term Option Series for a given expiration date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the current value of the underlying security or index moves substantially from the exercise price or prices of the series already opened. In any event, the total number of series for a given expiration date will not exceed twenty series.

The Exchange has selected the following four options classes to participate in the Weeklys Program: S&P 500 Index options (SPX), S&P 100 Index American-style options (OEX), Mini-S&P 500 Index options (XSP), and S&P 100 Index European-style options (XEO). CBOE believes the Weeklys Program has been successful and well received by its members and the investing public for the nearly four years that it has been in operation as a pilot.

CBOE is now proposing to make the Weeklys Program permanent. In support of approving the Weeklys Program on a permanent basis, and as required by the Weeklys Program Approval Order, the Exchange has submitted to the Commission a Weeklys

⁴ For example, if seven series are initially opened, there will be at least three strike prices above and three strike prices below the value of the underlying security or calculated index value.

Program report (the “Report”) detailing the Exchange’s experience with the Weeklys Program. Specifically, the Report contains data and written analysis regarding the four options classes included in the Weeklys Program. The Report was submitted under separate cover and seeks confidential treatment under the Freedom of Information Act.

The Exchange believes there is sufficient investor interest and demand in the Weeklys Program to warrant its permanent approval. The Exchange believes that, for the nearly four years that it has been in operation, the Weeklys Program has provided investors with additional means of managing their risk exposures and carrying out their investment objectives. Furthermore, the Exchange has not experienced any capacity-related problems with respect to Short Term Option Series. The Exchange also represents that it has the necessary system capacity to continue to support the option series listed under the Weeklys Program.

In seeking permanent approval, the Exchange is taking this opportunity to propose certain non-substantive changes to reorganize the rule text related to the Weeklys Program so that applicable terms are located within a single section of Rules 5.5, and 24.9. Conforming, non-substantive changes are being proposed to the text of the Exchange’s Quarterlys Program. The revisions do not change the substance of either the Weeklys Program or the Quarterlys Program.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act⁵ and the rules and regulations thereunder and, in particular, the requirements of Section 6(b) of the

⁵ 15 U.S.C. 78s(b)(1).

Act.⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁷ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest. The Exchange believes that permanent approval of the Weeklys Program will result in an ongoing benefit to investors, and will continue to allow them additional means to manage their risk exposures and carry out their investment objectives.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

be disapproved.

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-018 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-2009-018. 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 business days

between the hours of 10 a.m. and 3 p.m., located at 100 F Street, NE, Washington, DC 20549. 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–2009-018 and should be submitted on or before [date 21 days from publication in the Federal Register].

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

Florence E. Harmon
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).