SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62023; File No. SR-CBOE-2010-039)

May 3, 2010

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Trade Options on S&P 500 Annual Dividend Index With an Applied Scaling Factor of 1

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 April 28, 2010, the Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE") filed with the Securities and Exchange Commission ("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 Act[3] 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 the Substance of the Proposed Rule Change

CBOE proposes to trade options on the S&P 500 Annual Dividend Index with an applied scaling factor of 1. The Exchange is not proposing any rule text changes. The rule proposal is available on the Exchange's website (http://www.cboe.org/legal), at the Exchange's Office of the Secretary and at the Commission's Public Reference Room.

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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, 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

The Securities and Exchange Commission previously approved CBOE's proposed rule change, as modified Amendment No. 1, to list and trade cash-settled options that overlie the S&P 500 Dividend Index.[5] In the filing, the Exchange stated that the S&P 500 Dividend Index is reported in absolute numbers (e.g., 3, 5, 7) and that the Exchange would apply a scaling factor of 10 to the underlying index. The Exchange proposed the use of the scaling factor in the original filing because it was premised on the S&P 500 Dividend Index representing the accumulated ex-dividend amounts of all S&P 500 Index components over a specified quarterly accrual period. The use of a scaling factor was intended to increase the size of the underlying index value because it was expected to be a relatively low value.

[5] See Securities Exchange Act Release No. 61136 (December 10, 2009), 74 FR 66711 (December 16, 2009) (SR-CBOE-2009-022). The S&P 500 Dividend Index represents the accumulated ex-dividend amounts of all S&P 500 Index component securities over a specified accrual period. Each day Standard & Poor's calculates the aggregate daily dividend totals for the S&P 500 Index component securities, which are summed over any given calendar quarter and are the basis of the S&P 500 Dividend index. On any given day, the index dividend is calculated as the total dividend value for all constituents of the S&P 500 Index divided by the S&P 500 Index divisor. The total dividend value is calculated as the sum of dividends per share multiplied by the shares outstanding for all constituents of the S&P 500 Index that are trading "ex-dividend" on that day.

In Amendment No. 1, the Exchange proposed to permit varying terms for the accrual period (e.g., quarterly, semi-annually, annually). To date, the Exchange has only designated a quarterly accrual period for S&P 500 Dividend Index options. Beginning May 25, 2010, the Exchange plans to list options on the S&P 500 Annual Dividend Index, an index with a designated annual accrual period.[6] The Exchange plans to list options with a single expiration for each year (e.g., Dec 2010, Dec 2011).[7] In the recent past, the final index value (at expiration) has ranged from the low 20s up to the upper 20s. The final value on December 18, 2009 was 22.81. Because the duration of an annual accrual period results in the underlying index value being higher than for lesser duration accrual periods, the Exchange proposes to apply a scaling factor of 1 to the underlying annual index. During each business day, CBOE will disseminate the underlying S&P 500 Annual Dividend Index value with the applied scaling factor of 1 through the Options Price Reporting Authority ("OPRA") and/or one or more major market data vendors.

The use of a scaling factor of 10 was described in the purpose section of the filing and in the contract specifications that were submitted as Exhibit 3; therefore, the Exchange is not proposing any new or revised rule text to affect this change. Exhibit 3 presents revised contract specifications for S&P 500 Annual Dividend Index options.

2. Statutory Basis

The Exchange believes this rule proposal is consistent with the Act and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the

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6 The Exchange will assign separate trading symbols to options overlying an index with a designated annual accrual period to distinguish them from options overlying an index with a designated quarterly accrual period.

7 Standard & Poor's has created and now calculates the S&P 500Annual Dividend Index.

requirements of Section 6(b) of the Act.[8] Specifically, the Exchange believes that the proposed rule change is consistent with the Section 6(b)(5) Act[9] 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. In particular, the proposed rule change seeks to permit the Exchange to apply a scaling factor of 1 to options on the S&P 500 Annual Dividend Index, an index with a designated annual accrual period, since the duration of an annual accrual period results in the underlying index value being higher than for lesser duration accrual periods.

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 proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest,

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8 15 U.S.C. 78f(b).

9 15 U.S.C. 78f(b)(5).

the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act[10] and Rule 19b-4(f)(6) thereunder.[11]

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act[12] normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)[13] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay to allow the Exchange to begin listing options overlying the S&P 500 Annual Dividend Index beginning on Tuesday, May 25, 2010.

The Commission believes that acceleration of the operative date is consistent with the protection of investors and the public interest because the Commission has previously considered and approved the listing of options on the S&P 500 Annual Dividend Index and the current proposal raises no new regulatory issues. Acceleration of the operative date will allow the Exchange to list options on the S&P 500 Annual Dividend Index on May 25, 2010, thereby providing investors with an additional investment tool and greater flexibility in meeting their investment objectives without delay. For these reasons, the Commission designates that the proposed rule change become operative on May 25, 2010.[14]

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[10] 15 U.S.C. 78s(b)(3)(A).

[11] 17 CFR 240.19b-4(f)(6). Pursuant to Rule 19b-4(f)(6)(iii) under the Act, the Exchange is required to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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 Exchange has satisfied this requirement.

[12] 17 CFR 240.19b-4(f)(6).

[13] 17 CFR 240.19b-4(f)(6)(iii).

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

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate the 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-CBOE-2010-039 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 No. SR-CBOE-2010-039. 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 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the CBOE. 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. SR-CBOE-2010-039 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

Florence E. Harmon
Deputy Secretary

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[15] 17 CFR 200.30-3(a)(12).