

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65147; File No. SR-CBOE-2011-075)

August 17, 2011

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Certain Registration and Qualification Requirements

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on August 4, 2011, Chicago Board Options Exchange, Incorporated (“CBOE” or the “Exchange”) 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 CBOE. 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

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ the Chicago Board Options Exchange, Incorporated (“CBOE” or the “Exchange”) proposes to amend its rules regarding registration and qualification of individual Trading Permit Holders and individual associated persons. The text of the proposed rule change 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.

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

In its filing with the Commission, CBOE 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

¹ 15 U.S.C. 78s(b)(1).

below. CBOE 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, Proposed Rule Change

1. Purpose

CBOE is proposing to amend Exchange Rule 3.6A to (i) exempt from registration and qualification individual associated persons that are restricted from accessing the Exchange (physically and electronically) and that do not engage in the securities business of the Trading Permit Holder or TPH organization related to activity that occurs at the Exchange; and (ii) adopt language that would eliminate the need to formally file a waiver request for the appropriate category of registration if the individual Trading Permit Holder or individual associated person maintains a registration(s) in designated categories.

Pursuant to Rule 15b7-1,² promulgated under the Exchange Act,³ “No registered broker or dealer shall effect any transaction in...any security unless any natural person associated with such broker or dealer who effects or is involved in effecting such transaction is registered or approved in accordance with the standards of training, experience, competence, and other qualification standards...established by the rules of any national securities exchange...” CBOE Rule 3.6A sets forth the requirements for registration and qualification of individual Trading Permit Holders and individual associated persons. In response to a request by the Division of Trading and Markets of the Securities and Exchange Commission (the “Commission” or “SEC”), CBOE recently amended its rules to expand its registration and qualification requirements set forth in CBOE Rule 3.6A to include individual Trading Permit Holders and individual associated

² 17 CFR 240.15b7-1.

³ 15 U.S.C. 78a et seq.

persons that are engaged or to be engaged in the securities business of a Trading Permit Holder or TPH organization.⁴ CBOE Rule 3.6A provides that these individuals must be registered with the Exchange in the category of registration appropriate to the function to be performed as prescribed by the Exchange. Further, Rule 3.6A requires, among other things, that an individual Trading Permit Holder or individual associated person submit an application for registration and pass the appropriate qualification examination before the registration can become effective. The revised requirements apply to both CBOE and CBOE Stock Exchange (“CBSX”) Trading Permit Holders and their associated persons.

CBOE Rule 3.6A(a)(2) sets forth the types of individuals that are exempt from registration.⁵ CBOE is proposing to amend this provision to also exempt individual associated persons that are restricted from accessing the Exchange (physically and electronically) and that do not engage in the securities business of the Trading Permit Holder or TPH organization related to activity that occurs on the Exchange. CBOE believes that these individuals do not need to be registered with the Exchange because these individuals do not access the Exchange directly and do not engage in the securities business of the Trading Permit Holder relating to activity that occurs on the Exchange. For example, Firm XYZ (“XYZ”) is a CBOE TPH organization and a member of NYSE AMEX, LLC (“AMEX”). XYZ employs a market-maker, ABC, who is an associated person of XYZ registered as a market-maker with the AMEX (and subject to the registration and qualification requirements of AMEX). ABC would not be required to separately register with CBOE if ABC (who does not have physical or electronic

⁴ See Securities Exchange Act Release No. 63314 (November 12, 2010), 75 FR 70957 (November 19, 2010) (SR-CBOE-2010-084).

⁵ Even if an individual associated person is exempt from registration with the CBOE under Rule 3.6A, Rule 17.1 provides, in relevant part, “A Trading Permit Holder or a person associated with a Trading Permit Holder...shall be subject to the disciplinary jurisdiction of the Exchange.”

access to CBOE) submits an order for execution to Broker DEF, a registered broker-dealer and CBOE Trading Permit Holder, who executes the order at CBOE. Broker DEF is subject to the registration requirements of CBOE.

In conjunction with the registration requirements established by SR-CBOE-2010-084, three new qualification examinations became available on June 20, 2011 in the Central Registration Depository system (“WebCRD”), which is operated by the Financial Industry Regulatory Authority, Incorporated (“FINRA”). These registration categories include the following (the required qualification examinations and prerequisites, as applicable, associated with each registration category are in parentheses): PT – Proprietary Trader (Series 56), CT – Proprietary Trader Compliance Officer (Series 14, Series 56 prerequisite) and TP – Proprietary Trader Principal (Series 24, Series 56 prerequisite). CBOE is proposing to adopt language that would eliminate the need to formally file a waiver request for the appropriate category of registration if the individual Trading Permit Holder or individual associated person maintains designated registration categories. Specifically, CBOE is proposing to permit individuals that maintain a Series 7 to satisfy the qualification component associated with registration as a Proprietary Trader. Similarly, CBOE is proposing to accept the Series 24 (including any prerequisite examinations) to satisfy the qualification component associated with registration as a Proprietary Trader Compliance Officer. CBOE is also proposing to allow individual Trading Permit Holders and/or individual associated persons that maintain the Series 9/10 and the Series 23⁶ (including any prerequisite examinations) to satisfy the qualification component associated with registration as a Proprietary Trader Principal.

⁶ The Series 23 is designed to test a candidate’s knowledge of the rules and statutory provisions applicable to the management of a broker-dealer. It is CBOE’s understanding that FINRA permits the Series 23 as an alternative to the Series 24 for its members who

CBOE is proposing to limit the time period for which an automatic waiver of the Series 56 would be granted for those individuals that maintain a Series 7 registration. Any individual seeking an automatic waiver of the Series 56 because they maintain a Series 7 registration must complete all registration requirements in WebCRD for the Proprietary Trader designation no later than December 31, 2011. In addition, CBOE is proposing that because the Series 23 is not available in WebCRD, each applicant must provide documentation of a valid Series 23 license to the Registration Services Department upon request for the Series 24 registration in WebCRD.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(1)⁸ of the Act in particular, in that it is designed to enforce compliance by Exchange members and persons associated with its members with the rules of the Exchange. The Exchange also believes the proposed rule change furthers the objectives of Section 6(c)(3)⁹ of the Act, which authorizes CBOE to prescribe standards of training, experience and competence for persons associated with CBOE Trading Permit Holders, in that this filing proposes to amend and clarify the registration and qualification requirements set forth in Exchange Rule 3.6A. CBOE believes the proposed changes are reasonable and set forth the appropriate qualifications for an individual Trading Permit Holder and individual associated person that is required to register under Exchange Rule 3.6A, including, but not limited to, Market-Makers, proprietary traders and individuals effecting transactions on behalf of other broker-dealers.

are registered as General Securities Sales Supervisors and who are seeking to register and qualify as General Securities Principals. The Series 23 examination covers material from the Series 24 examination not otherwise covered under the Series 9/10 examination.

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(1).

⁹ 15 U.S.C. 78f(c)(3).

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 that is not necessary or appropriate in furtherance of 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 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 after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6)¹¹ thereunder.

At any time within 60 days of the filing of the 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:

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) 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. The Exchange has satisfied this requirement.

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-2011-075 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-2011-075. 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 website (<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 website 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 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 publicly available. All submissions should refer

to File Number SR-CBOE-2011-075 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.¹²

Elizabeth M. Murphy
Secretary

¹² 17 CFR 200.30-3(a)(12).