

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-65828; File No. SR-CBOE-2011-110)

November 25, 2011

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Clarify the Limited Extension to the Compliance Deadline for Registration and Qualification Pursuant to Rule 3.6A

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,<sup>1</sup> notice is hereby given that on November 16, 2011, the 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, II and III below, which Items have been prepared by CBOE. The Exchange has designated the proposed rule change as constituting a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule pursuant to Section 19(b)(3)(A)(i) of the Act<sup>2</sup> and Rule 19b-4(f)(1) thereunder,<sup>3</sup> which renders the proposal effective upon filing with the Commission. 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”),<sup>4</sup> the Exchange proposes to clarify that the limited extension to the November 5, 2011 deadline to comply with its rules regarding registration and qualification of individual Trading Permit Holders and individual associated persons also applies to those individual

---

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

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>3</sup> 17 CFR 240.19b-4(f)(1).

<sup>4</sup> 15 U.S.C. 78s(b)(1).

Trading Permit Holders and/or individual associated persons that failed the required qualification examination(s) associated with their required categories of registration on November 5, 2011 (and thus, prior to the deadline). CBOE is not proposing any textual changes to the Rules of CBOE. 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.

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 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

Pursuant to Rule 15b7-1,<sup>5</sup> promulgated under the Exchange Act,<sup>6</sup> “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 requirements for registration and qualification of individual Trading Permit Holders and individual associated persons. In response to a request by the Division of Trading

---

<sup>5</sup> 17 C.F.R. 240.15b7-1.

<sup>6</sup> 15 U.S.C. § 78a et seq.

and Markets at 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 persons that are engaged or to be engaged in the securities business of a Trading Permit Holder or TPH organization.<sup>7</sup> 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.

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). In the Approval Order for SR-CBOE-2010-084, the SEC established a deadline of August 12, 2011 for CBOE and CBSX individual Trading Permit Holders and individual associated persons of CBOE and CBSX Trading Permit Holders

---

<sup>7</sup> See Securities Exchange Act Release No. 63314 (November 12, 2010), 75 FR 70957 (November 19, 2010) (SR-CBOE-2010-084).

to register for and pass the applicable qualification examination(s). This deadline was extended until November 5, 2011.<sup>8</sup>

CBOE recently submitted a rule filing providing a limited extension to the November 5, 2011 deadline for those individuals that have attempted to take the required qualification examination(s) prior to November 5, 2011 but have failed the examination (or prerequisite examination if multiple examinations are required).<sup>9</sup> CBOE implemented this rule change to accommodate individuals that failed an examination prior to the deadline that were prevented from rescheduling an examination for at least thirty days following the initial failure of an exam.<sup>10</sup> The rule change provided individuals with thirty days following the date that WebCRD permits an individual to reschedule the appropriate qualification examination (following the failure of an examination taken prior to November 5, 2011) to retake the examination.

As individuals were able to take the examination on November 5, 2011, CBOE is proposing to clarify that the limited extension also applies to individuals that failed a required examination on November 5, 2011. CBOE believes this proposal provides a reasonable amount of time for individuals that have failed an examination to come into compliance with the rule while limiting the disruption to a Trading Permit Holder's business operation that may result from an exam failure.

---

<sup>8</sup> See Securities Exchange Act Release No. 65677 (November 3, 2011), 76 FR 69786 (November 9, 2011) (SR-CBOE-2011-104).

<sup>9</sup> See Securities Exchange Act Release No. 65732 (November 10, 2011) (SR-CBOE-2010-106) [sic].

<sup>10</sup> WebCRD also imposes a thirty day delay for the failure of a qualification examination for the second time. In addition, an individual is prevented from re-registering for an examination for an additional one hundred eighty days upon the third failure of a qualification examination.

Thus, in order to qualify for the limited extension, the individual (or associated Trading Permit Holder) must demonstrate that (i) the individual failed the required qualification examination on or prior to November 5, 2011; and (ii) that the individual attempted to take the qualification examination again within thirty days following the date that WebCRD permits the individual to reschedule the examination after the initial failure.

(2) Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>12</sup> which requires, among other things, that the Exchange's rules be designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest. Specifically, CBOE believes this proposal provides Trading Permit Holders (and associated persons) that attempted to comply with the registration and qualification requirements by the deadline a reasonable amount of additional time to comply with these requirements, particularly as the individuals that are impacted by this rule are subject to a system requirement that prevents the individual from complying with these requirements within the designated timeframe. Further, CBOE believes that this proposal will limit the disruption to a Trading Permit Holder's business operation and/or the marketplace, in the event an individual or firm withdraws from the marketplace following an exam failure. The Exchange also believes the proposed rule change furthers the objectives of Section 6(c)(3)<sup>13</sup> of the Act, which authorizes CBOE to prescribe standards of training, experience and competence for persons associated with

---

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> 15 U.S.C. 78f(c)(3).

CBOE members, in that this filing is proposing to extend the deadline for compliance with the standards of training, experience and competence established by the Exchange.

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

The foregoing proposed rule change will take effect upon filing with the Commission pursuant to Section 19(b)(3)(A)(i) of the Act<sup>14</sup> and Rule 19b-4(f)(1) thereunder,<sup>15</sup> because it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule.

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:

---

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>15</sup> 17 C.F.R. 240.19b-4(f)(1).

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](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2011-110 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-2011-110. 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-2011-110 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.<sup>16</sup>

Kevin M. O'Neill  
Deputy Secretary

---

<sup>16</sup> 17 C.F.R. 200.30-3(a)(12).