

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-52252; File No. SR-CBOE-2005-17)

August 15, 2005

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving Proposed Rule Change to Adopt a Revenue Sharing Program for Trades in Tape B Securities

On February 7, 2005, 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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to adopt a Revenue Sharing Program for trades in Tape B securities.<sup>3</sup> The proposed rule change was published for comment in the Federal Register on July 15, 2005.<sup>4</sup> The Commission received no comments on the proposal. This order approves the proposed rule change.

The Commission finds CBOE’s proposal to amend its Fee Schedule to adopt a Revenue Sharing Program for revenue CBOE receives under the Consolidated Tape Association Plan for trades in Tape B securities consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>5</sup> In particular, the Commission believes that the proposal is consistent with Section 6(b)(5)

---

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

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

<sup>3</sup> Tape B securities are securities listed on the American Stock Exchange or the regional national securities exchanges.

<sup>4</sup> See Securities Exchange Act Release No. 52005 (July 11, 2005), 70 FR 41063.

<sup>5</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).

of the Act,<sup>6</sup> which requires that the rules of the exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system. The Commission notes that CBOE will begin its Revenue Sharing Program upon the launch of its new stock trading platform.<sup>7</sup>

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>8</sup> that the proposed rule change (SR-CBOE-2005-17) be, and it hereby is, approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

Margaret H. McFarland  
Deputy Secretary

---

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> The CBOE has filed a proposed rule change (SR-CBOE-2004-21) to adopt a new set of rules to allow for the trading of non-option securities on CBOEdirect, the exchange's screen based trading system.

<sup>8</sup> 15 U.S.C. 78s(b)(2).

<sup>9</sup> 17 CFR 200.30-3(a)(12).