

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-53567; File No. SR-CBOE-2006-09)

March 29, 2006

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving Proposed Rule Change Relating to the Exposure Period for Crossing Orders in the Hybrid Trading System

On January 30, 2006, the Chicago Board Options Exchange, Incorporated (“CBOE” or “Exchange”), filed with the Securities and Exchange Commission (“Commission”) a proposed rule change 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> to decrease the exposure period for crossing orders in its Hybrid Trading System (“Hybrid”) from 10 seconds to 3 seconds. The proposed rule change was published for comment in the Federal Register on February 22, 2006.<sup>3</sup> The Commission received no comments on the proposal.

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(b) of the Act<sup>4</sup> and the rules and regulations thereunder applicable to a national securities exchange,<sup>5</sup> and in particular with Section 6(b)(5) of the Act.<sup>6</sup> The Commission believes that, in the electronic environment of Hybrid, reducing the exposure period to 3 seconds could facilitate the prompt execution of orders, while providing participants in Hybrid with an adequate opportunity to compete for exposed bids and offers.

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

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

<sup>3</sup> See Securities Exchange Act Release No. 53278 (February 13, 2006), 71 FR 9184.

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

<sup>5</sup> In approving this proposal, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> that the proposed rule change (SR-CBOE-2006-09) is hereby approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Nancy M. Morris  
Secretary

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<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).