

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54272; File No. SR-CBOE-2006-59)

August 3, 2006

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 Thereto Relating to Extension of the Options Intermarket Linkage Fees Pilot Program

On June 15, 2006, 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”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its Fees Schedule to extend until July 31, 2007 the Options Intermarket Linkage (“Linkage”) fee pilot program (“Pilot Program”). The proposed rule change was published for comment in the Federal Register on July 6, 2006.³ The Commission received no comments on the proposal. On August 3, 2006, the Exchange filed Amendment No. 1 to the proposed rule change.⁴ This order approves the proposed rule change, as amended, on an accelerated basis.

The Exchange's fees for Principal and Principal Acting as Agent orders are operating under the Pilot Program. These Linkage-related fees expired on July 31, 2006.⁵

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 54064 (June 29, 2006), 71 FR 38438.

⁴ See infra, at note 6.

⁵ See Securities Exchange Act Release No. 52073 (July 20, 2005), 70 FR 43474 (July 27, 2005) (SR-CBOE-2005-54).

The Exchange proposes to retroactively extend from August 1, 2006 through July 31, 2007 the Pilot Program.⁶

After careful review, the Commission finds that the proposed rule change, as amended, is consistent with the requirements of the Act and the rules and regulations applicable thereunder to a national securities exchange.⁷ More specifically, the Commission finds that the proposal is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act⁹ in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among CBOE members and other persons using its facilities. The Commission believes that: (i) the prospective extension of the Pilot Program will give the Exchange and the Commission further opportunity to evaluate whether the fees are appropriate; and (ii) the retroactive extension of the Pilot Program will permit the pilot to continue on an uninterrupted basis for the two days between the expiration of the pilot on July 31, 2006 and the date of this approval order.

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,¹⁰ for approving the proposed rule change prior to the 30th day after the date of publication of notice thereof in the Federal Register. Specifically, the Commission notes that

⁶ In Amendment No. 1, in light of the expiration of the Pilot Program, the Exchange modified its proposal to request that the Pilot Program be extended retroactively. Amendment No. 1 is a technical amendment and is not subject to notice and comment.

⁷ In approving the proposed rule change, as amended, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4).

¹⁰ 15 U.S.C. 78s(b)(2).

accelerated approval of the proposal will allow the Pilot Program to continue without interruption as the Exchange and the Commission further consider the appropriateness of Linkage fees.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,¹¹ that the proposed rule change (SR-CBOE-2006-59), as amended, is hereby approved on an accelerated basis.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Nancy M. Morris
Secretary

¹¹ Id.

¹² 17 CFR 200.30-3(a)(12).