

**SECURITIES AND EXCHANGE COMMISSION**  
**(Release No. 34-51282; File No. SR-CBOE-2004-82)**

**March 1, 2005**

**Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Granting Approval to Proposed Rule Change Relating to Exchange Rule 17.10(d) – Review of Decision Not to Initiate Charges**

On December 8, 2004, the Chicago Board Options Exchange, Incorporated (“CBOE” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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: (1) amend Exchange Rule 17.10(d), relating to the process for reviewing decisions not to initiate charges, to transfer from the President of the Exchange to the Exchange’s Regulatory Oversight Committee (“ROC”) the authority to review and refer to the Exchange’s Board of Directors (“Board”) decisions of the Business Conduct Committee (“BCC”) to decline to authorize the issuance of a statement of charges that is recommended by Exchange staff; and (2) change the time frame in which to conduct such a review from 30 days to 45 days from the date the Exchange serves the subject of the proceedings with notice that the BCC will not initiate charges. The proposed rule change was published for comment in the Federal Register on January 12, 2005.<sup>3</sup> The Commission received no comments on the proposal.

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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. 50964 (January 5, 2005), 69 FR 2200.

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange<sup>4</sup> and, in particular, the requirements of Section 6(b) of the Act<sup>5</sup> and the rules and regulations thereunder. The Commission finds specifically that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>6</sup> because it is designed to enhance the independence of the Exchange's regulatory structure and processes by transferring from the President to the Exchange's ROC, which is composed solely of public directors and is charged with overseeing regulation, the authority to review and refer to the Board a decision by the BCC to not issue a statement of charges.

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<sup>4</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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

<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-2004-82) be, and hereby is, approved.

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

Margaret H. McFarland  
Deputy 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).