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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57836; File No. SR-CBOE-2008-54]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change Related to Sponsored Users

May 19, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 12, 2008, 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 substantially by CBOE. 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

The Exchange proposes to amend CBOE Rule 6.20A, *Sponsored Users*, to permit Sponsored User access to all products traded on CBOE. The text of the proposed rule change is available at <http://www.cboe.org/Legal>, the principal offices of the Exchange, and the Commission’s Public Reference Room.

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, the Proposed Rule Change

1. Purpose

CBOE is proposing to amend CBOE Rule 6.20A, *Sponsored Users*, which governs electronic access for the entry and execution of orders by Sponsored Users with authorized access and the applicable requirements that Sponsored Users and Sponsoring Members are required to satisfy in order to engage in a Sponsoring Member/Sponsored User relationship. Under the current Rule, the Sponsored User program is only applicable to CBOE’s FLEX Hybrid Trading System (“FLEX”) and the CBOE Stock Exchange (“CBSX”) facility. Thus, currently a “Sponsored User” is defined as a person or entity that has entered into a sponsorship arrangement with a Sponsoring Member for purposes of receiving electronic access to FLEX and CBSX. CBOE is proposing to expand the rule to permit electronic access for the entry and execution of orders by Sponsored Users with authorized access to all other products traded on CBOE.

CBOE Rule 6.20A will apply to Sponsored Users with authorized access to all other products traded on CBOE in the same manner as it is currently applied to Sponsored Users with authorized access to FLEX and CBSX. Sponsored User access to CBOE will also be conditioned on the same requirements that are currently applied to Sponsored Users on FLEX and CBSX. Unlike the number of Sponsored Users for FLEX and CBSX, which can be unlimited, with respect to all other products trading on CBOE, this filing proposes that the number of Sponsored Users with such electronic access to CBOE be limited to a total of 15 persons/entities³ (hereinafter referred to as “Sponsored User Slots”).

Sponsored User applications for the CBOE Sponsored User Slots shall be submitted to the Exchange’s Membership Department and will be processed in the order they are received on a time-stamped basis. Sponsored User applications may be submitted by hand-delivery, e-mail, or facsimile. For applications received via e-mail or facsimile, the time-stamp will be the

³ For purposes of CBOE Rule 6.20A, a “Sponsored User” would now be defined as a person or entity that has entered into a sponsorship arrangement with a Sponsoring Member for purposes of receiving electronic access to the facilities and products specified in the Rule (referred to as the “Exchange System(s)”), which would now include the products traded on the FLEX Hybrid Trading System, CBOE and CBSX. See proposed changes to Rule 6.20A(a) and proposed Interpretation and Policy .01 to Rule 6.20A.

time the e-mail/facsimile is received by the Membership Department. If there are more applicants than Sponsored User Slots, the Exchange will maintain a waitlist and use a First In, First Out (“FIFO”) method for filling the Sponsored User Slots. In the event a Sponsored User application is determined by the Membership Department to be incomplete,⁴ the application will not be considered to have been submitted under the FIFO method until a completed application is submitted. The Exchange will issue a circular providing notice as to when the Exchange will begin accepting applications for the 15 Sponsored User Slots and will detail how the applications may be submitted to the Exchange’s Membership Department. Lastly, the Exchange notes that persons (or entities) aggrieved in an economic sense by Exchange actions, including actions taken with respect to the Sponsored User Slots, may apply for an opportunity to be heard and have the complained-of action reviewed in accordance with Chapter XIX, Hearings and Review.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act⁵ in general and furthers the objectives of Section 6(b)(5)⁶ in particular in that the proposal is designed to remove impediments to and perfect the mechanisms of a free and open market and a national market system, and, in general, protect investors and the public interest.

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 not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i)

⁴ For example, an application would be considered incomplete if a Sponsoring Member has not agreed to sponsor the Sponsored User applicant’s electronic access to CBOE.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which CBOE consents, the Commission will:

(A) By order approve such proposed rule change; or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

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:

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. Please include File Number SR-CBOE-2008-54 on the subject line.

Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-CBOE-2008-54. 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 Web site (<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 inspection and copying in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 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-2008-54 and should be submitted on or before June 17, 2008.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57837; File No. SR-CBOE-2008-46]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related To the Hybrid Agency Liaison

May 20, 2008.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 15, 2008, the Chicago Board Options Exchange, Incorporated ("CBOE" or "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 substantially prepared by CBOE. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder,⁴ 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

The Exchange proposes to modify Rule 6.14, *Hybrid Agency Liaison* ("HAL"), so that the Exchange may determine on a class-by-class basis to permit electronic exposure of HAL orders to all CBOE members to give additional opportunities to provide the orders with the best price. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.org/Legal>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

In classes where HAL is activated, HAL automatically upon receipt processes market and limit orders if: (i) The market orders or limit orders are marketable against the Exchange's disseminated quotation while that quotation is not at the national best bid or offer ("NBBO"); (ii) the limit orders would improve the Exchange's disseminated quotation and are marketable against quotations disseminated by other exchanges participating in the Intermarket Options Linkage ("Linkage"); and (iii) for Hybrid 3.0 classes, the limit orders would improve the Exchange's disseminated quotation, except when the disseminated quotation is represented by a manual quote, in which case the limit order will automatically route to the electronic book instead of being processed by HAL, and the manual quote will be cancelled.⁵

When these circumstances occur, orders that are received by HAL are immediately upon receipt electronically exposed to all Market-Makers appointed to the relevant option class, as well as all members acting as agent for orders at the top of the Exchange's book ("Qualifying Members") in the relevant series.⁶ At the conclusion of the HAL process:

⁵ See Rule 6.14(a).

⁶ The orders are exposed for a period determined by the Exchange on a class-by-class basis, which period shall not exceed 1.5 seconds. If a Market-Maker or Qualifying Member (on behalf of the order it is representing) commits to trade with any portion of the order during the exposure period, then the exposure period will end, and an allocation period will begin. The allocation period

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).