OMB APPROVAL	
OMB Number:	3235-0045
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Required fields are shown with yellow backgrounds and asterisks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2010 - * 077

Amendment No. (req. for Amendments *)

Proposed Rule Change by Chicago Board Options Exchange

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☑ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☑ Section 19(b)(3)(A) * ☐ Section 19(b)(3)(B) * ☐

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 19b-4(f)(6)

Pilot ☐ Extension of Time Period for Commission Action * ☐ Date Expires *

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

Proposal to allow CBOE to list up to 12 expiration months for broad-based security index options upon which CBOE calculates a volatility index.

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name * Jenny Last Name * Klebes
Title * Senior Attorney
E-mail * klebes@cboe.com
Telephone * (312) 786-7466 Fax (312) 786-7919

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date 08/23/2010

By Jenny L. Klebes
(Name *)

Senior Attorney / Assistant Secretary
(Title *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Jenny Klebes, klebes@cboe.com

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information (required) Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change (required) Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.
Exhibit 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.
Exhibit 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. <u>Text of Proposed Rule Change</u>

(a) Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") proposes to amend Rule 24.9(a)(2), <u>Terms of Index Option Contracts</u>, to allow the Exchange to list up to twelve expiration months for options that overlie broad-based security indexes for which options are used by the Exchange to calculate a volatility index. Set forth below are proposed changes to the rule text, with additions represented by <u>underscoring</u> and deletions represented by [bracketing].

(b) Inapplicable

(c) Inapplicable

Chicago Board Options Exchange, Incorporated
Rules

* * * * *

Rule 24.9—Terms of Index Option Contracts

RULE 24.9.

(a) (1) No change.

(2) *Expiration Months*. Index option contracts may expire at three-month intervals or in consecutive months. The Exchange may list up to six expiration months at any one time, but will not list index options that expire more than twelve months out. Notwithstanding the preceding restriction, the Exchange may list up to [seven] <u>twelve</u> expiration months at any one time for the any broad-based security index option contracts, including reduced-value and jumbo option contracts, (e.g., DJX, NDX, RUT and SPX) upon which the Exchange calculates a [constant three-month] volatility index.

(A) – (B) No change.

(3) – (5) No change.

…Interpretations and Policies

.01 - .11 No change.

* * * * *

Item 2. Procedures of the Self-Regulatory Organization

(a) CBOE's Office of the Chairman, pursuant to delegated authority, approved the proposed rule change on August 23, 2010. No further action is required.

(b) Please refer questions and comments on the proposed rule change to Joanne Moffic-Silver, General Counsel, CBOE, 400 South LaSalle, Chicago, IL 60605, (312) 786-7462 or to Jenny Klebes, (312) 786-7466.

Item 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The purpose of this rule filing is to amend Rule 24.9(a)(2), Terms of Index Options, to allow the Exchange to list up to twelve expiration months for broad-based security index options upon which the Exchange calculates a volatility index. Currently, Rule 24.9(a)(2) permits the Exchange to list only seven expiration months in any index options upon which the Exchange calculates a constant three-month volatility index.

Since 2009, volatility trading has experienced significant growth in terms of both trading volume and in the variety of products offered. For example, through the first six months in 2010, CBOE Volatility Index ("VIX") options averaged close to 250,000 contracts traded per day, a 150% increase compared to the same period in 2009. VIX futures volume increased 440%, averaging 13,500 contracts per day compared to 2,500 contracts per day during the same period in 2009.

Similarly, since 2009, three exchange-traded notes ("ETNs") linked to the performance of VIX futures have been issued, two of which overlie listed options.[1] In

[1] ETNs are referred to "Index-Linked Securities" in CBOE's Rules. See Interpretation and Policy .13 to Rule 5.3. The ETNs linked to the performance of VIX futures are the (1) iPath S&P 500

addition, Jefferies & Co. recently announced plans to issue an exchange-traded fund ("ETF")[2] that holds VIX futures or an economically equivalent position and Bank of America Merrill Lynch recently announced plans to issue an ETN based on forward implied volatility of S&P 500 Index options. Additionally, the Exchange is aware of other issuers that are engaged in similar volatility product initiatives.

The Exchange was previously granted approval to list a seventh expiration in broad-based index classes on which the Exchange calculates a 3-month volatility index.[3] In order to satisfy growing demand for a wider variety of volatility investment strategies, the Exchange is seeking to increase, from seven to twelve, the number of expiration months for broad-based security index options upon which the Exchange calculates a volatility index.

The Exchange believes that the additional expirations, which will be listed in monthly intervals over a one-year time frame, will provide the Exchange with the flexibility to create indexes that represent unique volatility exposures, and enable the Exchange to respond quickly to investor demand for new volatility-based products.

Capacity

CBOE has analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority have the necessary systems capacity to handle the additional traffic associated with the ability to list up to twelve expiration months for broad-based security index options upon which the Exchange calculates a volatility index.

VIX Short-Term Futures ETN ("VXX"), (2) iPath S&P 500 VIX Mid-Term Futures ETN ("VXZ"), and (3) Barclays ETN+ Inverse S&P 500 VIX Short-Term Futures ETN ("XXV").

2 ETFs are referred to as "Units" in CBOE's Rules. See Interpretation and Policy .06 to Rule 5.3.

3 See Securities Exchange Act Release No. 56821 (November 20, 2007), 72 FR 66210 (November 27, 2007) (SR-CBOE-2007-082)

(b) Statutory Basis

Because the increase in the number of expiration months is limited to options overlying broad based security indexes upon which the Exchange calculates a volatility index and because the series could be added without presenting capacity problems, the Exchange believes the rule proposal is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations under the Act applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.[4] Specifically, the Exchange believes that the proposed rule change is consistent with the Section 6(b)(5) Act[5] requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and, in general, to protect investors and the public interest.

Item 4. Self-Regulatory Organization's Statement on Burden on Competition

This rule proposal does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the rule proposal.

Item 6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period specified in Section 19(b)(2)[6] of the Act for Commission consideration of the rule proposal.

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4 15 U.S.C. 78f(b).
5 15 U.S.C. 78f(b)(5).
6 15 U.S.C. 78s(b)(2).

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or the Commission

This rule proposal is not based on the rules of another self-regulatory organization or of the Commission.

Item 9. Exhibits

Exhibit 1. Form of Notice of Proposed Rule Change for Publication in the Federal Register.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-CBOE-2010-077)

Dated:_____________

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Proposed Rule Change to Allow the Exchange to List Up to Twelve Expiration Months for Broad-Based Security Index Options Upon Which the Exchange Calculates a Volatility Index

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on _________________, the Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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

CBOE proposes to amend Rule 24.9(a)(2), Terms of Index Option Contracts, to allow the Exchange to list up to twelve expiration months for options that overlie broad-based security indexes for which options are used by the Exchange to calculate a volatility index. The text of the rule proposal is available on the Exchange's website (http://www.cboe.org/legal), at the Exchange's Office of the Secretary and at the Commission.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments

1 15 U.S.C. 78s(b)(1).
2 17 CFR 240.19b-4.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this rule filing is to amend Rule 24.9(a)(2), Terms of Index Options, to allow the Exchange to list up to twelve expiration months for broad-based security index options upon which the Exchange calculates a volatility index. Currently, Rule 24.9(a)(2) permits the Exchange to list only seven expiration months in any index options upon which the Exchange calculates a constant three-month volatility index.

Since 2009, volatility trading has experienced significant growth in terms of both trading volume and in the variety of products offered. For example, through the first six months in 2010, CBOE Volatility Index ("VIX") options averaged close to 250,000 contracts traded per day, a 150% increase compared to the same period in 2009. VIX futures volume increased 440%, averaging 13,500 contracts per day compared to 2,500 contracts per day during the same period in 2009.

Similarly, since 2009, three exchange-traded notes ("ETNs") linked to the performance of VIX futures have been issued, two of which overlie listed options.[3] In addition, Jefferies & Co. recently announced plans to issue an exchange-traded fund ("ETF")[4] that holds VIX futures or an economically equivalent position and Bank of America

[3] ETNs are referred to "Index-Linked Securities" in CBOE's Rules. See Interpretation and Policy .13 to Rule 5.3. The ETNs linked to the performance of VIX futures are the (1) iPath S&P 500 VIX Short-Term Futures ETN ("VXX"), (2) iPath S&P 500 VIX Mid-Term Futures ETN ("VXZ"), and (3) Barclays ETN+ Inverse S&P 500 VIX Short-Term Futures ETN ("XXV").

[4] ETFs are referred to as "Units" in CBOE's Rules. See Interpretation and Policy .06 to Rule 5.3.

Merrill Lynch recently announced plans to issue an ETN based on forward implied volatility of S&P 500 Index options. Additionally, the Exchange is aware of other issuers that are engaged in similar volatility product initiatives.

The Exchange was previously granted approval to list a seventh expiration in broad-based index classes on which the Exchange calculates a 3-month volatility index.[5] In order to satisfy growing demand for a wider variety of volatility investment strategies, the Exchange is seeking to increase, from seven to twelve, the number of expiration months for broad-based security index options upon which the Exchange calculates a volatility index.

The Exchange believes that the additional expirations, which will be listed in monthly intervals over a one-year time frame, will provide the Exchange with the flexibility to create indexes that represent unique volatility exposures, and enable the Exchange to respond quickly to investor demand for new volatility-based products.

Capacity

CBOE has analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority have the necessary systems capacity to handle the additional traffic associated with the ability to list up to twelve expiration months for broad-based security index options upon which the Exchange calculates a volatility index.

2. Statutory Basis

Because the increase in the number of expiration months is limited to options overlying broad based security indexes upon which the Exchange calculates a volatility index and because the series could be added without presenting capacity problems, the Exchange believes the rule proposal is consistent with the Act and the rules and regulations under the

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[5] See Securities Exchange Act Release No. 56821 (November 20, 2007), 72 FR 66210 (November 27, 2007) (SR-CBOE-2007-082)

Act applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.[6] Specifically, the Exchange believes that the proposed rule change is consistent with the Section 6(b)(5) Act[7] requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts and, in general, to 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

The Exchange neither solicited nor received comments on the proposal.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) 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 the self-regulatory organization 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

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6 15 U.S.C. 78f(b).
7 15 U.S.C. 78f(b)(5).

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-2010-077 on the subject line.

Paper comments:

Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CBOE-2010-077. 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 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at the principal office of the 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 available publicly. All submissions should refer to File Number SR-CBOE-2010-077 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[8]

Dated: ________________________

Florence E. Harmon
Deputy Secretary

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[8] 17 CFR 200.30-3(a)(12).