

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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Form 19b-4 Information

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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

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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

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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

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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

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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

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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

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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. Text of Proposed Rule Change

(a) Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) is filing this proposed rule change with the Securities and Exchange Commission (“SEC” or “Commission”) under Section 19(b) of the Securities Exchange Act of 1934 (“Exchange Act” or “Act”) to amend its rules to list options series that have terms of between one business day and four business days (“Daily Options Series”).¹ The text of the proposed amendments is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The CBOE’s Office of the Chairman, acting pursuant to delegated authority, approved the proposed rule change on June 16, 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 at (312) 786-7466.

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

(a) Purpose

The Exchange proposes to amend its rules to list and trade Daily Options Series. Daily Options Series will be listed on stock, exchange-traded fund (“ETF”) and exchange-traded note (“ETN”) option classes (“Equity Dailys” or “Equity Daily Options”) and on index option classes

¹ 15 U.S.C. 78s(b).

(“Index Dailys” or “Index Daily Options”) that trade on the Exchange. On any business day, the Exchange may have trading up to four Daily Option Series on a particular option class, each of which will have consecutive expiration dates.² For example, if the Exchange chooses to list four Daily Option Series on the S&P 500 Index on Monday of a week in which each day is a business day, all four of that Daily Option Series will open on Monday of that week, and the first to expire will expire on that Monday, the second to expire will expire on Tuesday of that week, the third to expire will expire on Wednesday of that week, and the fourth to expire will expire on Thursday of that week. On Tuesday of that week, the Exchange may list Daily Option Series on the S&P 500 Index that expires on Friday of that week or Monday of the following week because the Exchange already has three Daily Option Series currently trading on that index (i.e., the Daily Option Series expiring on that Tuesday, on Wednesday of that week, and on Thursday of that week).

The Exchange may open up to twenty Daily Option Series for each expiration date in that class. The strike price of each Daily Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the value of the underlying security in the case of Equity Dailys, or the calculated value of the underlying index in the case of Index Dailys, at about the time that the Daily Option Series are initially opened for trading on the Exchange (e.g., if seven series are initially opened, there will be at least three strike prices above and three strike prices below the value of the underlying security or

² Under the proposed amendments, CBOE will be prohibited from listing a Daily Option Series if the expiration date is the same day as the day on which any monthly option series, Short Term Option Series, or Quarterly Options Series on the same option class expires. In addition, CBOE will be prohibited from listing a Daily Option Series that will expire on a day on which the Exchange is closed for business.

calculated index value, as well as one strike price at the value of the underlying security or index).³ Any strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying security or calculated index value.

If the Exchange has opened less than twenty Daily Option Series for a particular expiration date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the current value of the underlying security or calculated index value moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying security or calculated index value. The Exchange may also open additional strike prices of Daily Option Series that are more than 30% above or below the current value of the underlying security or calculated index value provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers.⁴

Margin on Equity Dailys will be the same as the margin for standard options overlying the same options class. For example, purchases of puts or calls must be paid for in full and the margin for option writers will be the premium received plus 20% of the underlying stock's value.⁵ In addition, margin on Index Dailys will be the same as the margin for standard options overlying the same broad-based index option class. For example, uncovered writers must

³ The interval between strike prices on Daily Option Series will be the same as the strike prices for series in that same option class that expire in accordance with the normal monthly expiration cycle.

⁴ Market-Makers trading for their own account will not be considered when determining customer interest under this provision. In addition, the opening of the new Daily Option Series will not affect the series of options of the same class previously opened.

⁵ See CBOE Rule 12.3(c)(4).

deposit 100% of the option proceeds plus 15% of the aggregate contract value (current index level multiplied by \$100) minus the amount by which the option is out-of-the-money, if any.⁶

Positions in Equity Dailys will be aggregated with positions in standard options overlying the same option class for the purposes of position limits. In this regard, position limits vary according to the number of outstanding shares and past six-month trading volume of the underlying stock.⁷ In addition, positions in Index Dailys will be aggregated with positions in standard options overlying the same index class for the purposes of position limits and satisfying the reporting requirements under Interpretation and Policy .03 of Rule 24.4.

Equity Dailys will have the same exercise and settlement features as traditional equity options listed on CBOE. In this regard, they will be American-style options and physically-settled. Exercise notices properly tendered on any business day will result in delivery of the underlying security on the third business day following exercise.

Index Dailys will have the same exercise style as the exercise style for standard options overlying the same index option class (e.g., European-style for Daily Option Series on the S&P 500 Index and American-style for Daily Option Series on the S&P 100 Index). In addition, Index Dailys will be cash-settled based on the closing reported prices in the primary market for the component stocks of the underlying index. While standard options on certain indexes are A.M. settled (such as options on the S&P 500 Index), the Exchange is proposing to use a P.M. settlement value for all Index Dailys. This is because of their short duration, and the fact that using an A.M. settlement value would be inconsistent with investors' interests in a short term

⁶ See CBOE Rule 12.3(c)(5).

⁷ See CBOE Rule 4.11.

contract. Moreover, the open interest in an expiring Index Daily options contract is highly likely to be far smaller than standard options contracts, thus posing little risk of impact on the closing price of the underlying index.

The Exchange believes that Daily Option Series will provide investors with a flexible and valuable tool to manage risk exposure, minimize capital outlays, and be more responsive to the timing of events affecting the securities that underlie option contracts. In particular, the Exchange seeks to introduce Daily Option Series to provide market participants with a tool to hedge overnight and weekend risk, as well as the risk of special events such as earnings announcements and economic reports, and pay a fraction of the premium of a standard or weekly option (due to the very small time value priced into the option premium). The Exchange believes that daily expirations would allow market participants to purchase an option based on a precise timeframe thereby allowing them to tailor their investment or hedging needs more effectively. With respect to Index Dailys, because P.M.-settlement permits trading throughout the day on the day the contract expires, the Exchange believes this feature will permit market participants to more effectively manage overnight risk and trade out of their positions up until the time the contract settles.

The Exchange has confirmed that The Options Clearing Corporation will be able to clear Daily Option Series. In addition, 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 listing and trading of Daily Option Series.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)⁸ of the Securities Exchange Act of 1934 (the “Act”), in general, and furthers the objectives of Section 6(b)(5)⁹ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market in a manner consistent with the protection of investors and the public interest. The Exchange believes that the introduction of Daily Option Series would attract order flow to the Exchange, increase the variety of listed options to investors, and provide a valuable hedging tool to investors.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange 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 proposed rule change.

Item 6. Extension of Time Period for Commission Action

Not applicable.

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

⁸ 15 U.S.C. 78f(b). 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78f(b)(5).

Not applicable.

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

Not applicable.

Item 9. Exhibits

Exhibit 1. Notice of the proposed rule change for publication in the Federal Register.

Exhibit 3. Product Specifications.

Exhibit 5. Text of the proposed amendments to the Exchange's Rules.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-CBOE-2010-057)

Dated: _____

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Proposed Rule Change to List and Trade Daily Options Series

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 _____, 2010, 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 is filing this proposed rule change with the SEC under Section 19(b) of the Act to amend its rules to list options series that have terms of between one business day and four business days (“Daily Options Series”). 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 it received on the proposed rule change. The text of those statements may be examined at the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Exchange proposes to amend its rules to list and trade Daily Options Series. Daily Options Series will be listed on stock, exchange-traded fund (“ETF”) and exchange-traded note (“ETN”) option classes (“Equity Dailys” or “Equity Daily Options”) and on index option classes (“Index Dailys” or “Index Daily Options”) that trade on the Exchange. On any business day, the Exchange may have trading up to four Daily Option Series on a particular option class, each of which will have consecutive expiration dates.³ For example, if the Exchange chooses to list four Daily Option Series on the S&P 500 Index on Monday of a week in which each day is a business day, all four of that Daily Option Series will open on Monday of that week, and the first to expire will expire on that Monday, the second to expire will expire on Tuesday of that week, the third to expire will expire on Wednesday of that week, and the fourth to expire will expire on Thursday of that week. On Tuesday of that week, the Exchange may list Daily Option Series on the S&P 500 Index that expires on Friday of that week or Monday of the following week because the Exchange already has three Daily Option Series currently trading on that index (i.e., the Daily Option Series expiring on that Tuesday, on Wednesday of that week, and on Thursday of that week).

³ Under the proposed amendments, CBOE will be prohibited from listing a Daily Option Series if the expiration date is the same day as the day on which any monthly option series, Short Term Option Series, or Quarterly Options Series on the same option class expires. In addition, CBOE will be prohibited from listing a Daily Option Series that will expire on a day on which the Exchange is closed for business.

The Exchange may open up to twenty Daily Option Series for each expiration date in that class. The strike price of each Daily Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the value of the underlying security in the case of Equity Dailys, or the calculated value of the underlying index in the case of Index Dailys, at about the time that the Daily Option Series are initially opened for trading on the Exchange (e.g., if seven series are initially opened, there will be at least three strike prices above and three strike prices below the value of the underlying security or calculated index value, as well as one strike price at the value of the underlying security or index).⁴ Any strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying security or calculated index value.

If the Exchange has opened less than twenty Daily Option Series for a particular expiration date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the current value of the underlying security or calculated index value moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying security or calculated index value. The Exchange may also open additional strike prices of Daily Option Series that are more than 30% above or below the current value of the underlying security or calculated index value provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate

⁴ The interval between strike prices on Daily Option Series will be the same as the strike prices for series in that same option class that expire in accordance with the normal monthly expiration cycle.

or individual customers or their brokers.⁵

Margin on Equity Dailys will be the same as the margin for standard options overlying the same options class. For example, purchases of puts or calls must be paid for in full and the margin for option writers will be the premium received plus 20% of the underlying stock's value.⁶ In addition, margin on Index Dailys will be the same as the margin for standard options overlying the same broad-based index option class. For example, uncovered writers must deposit 100% of the option proceeds plus 15% of the aggregate contract value (current index level multiplied by \$100) minus the amount by which the option is out-of-the-money, if any.⁷

Positions in Equity Dailys will be aggregated with positions in standard options overlying the same option class for the purposes of position limits. In this regard, position limits vary according to the number of outstanding shares and past six-month trading volume of the underlying stock.⁸ In addition, positions in Index Dailys will be aggregated with positions in standard options overlying the same index class for the purposes of position limits and satisfying the reporting requirements under Interpretation and Policy .03 of Rule 24.4.

Equity Dailys will have the same exercise and settlement features as traditional equity options listed on CBOE. In this regard, they will be American-style options and physically-settled. Exercise notices properly tendered on any business day will result in delivery of the underlying security on the third business day following exercise.

⁵ Market-Makers trading for their own account will not be considered when determining customer interest under this provision. In addition, the opening of the new Daily Option Series will not affect the series of options of the same class previously opened.

⁶ See CBOE Rule 12.3(c)(4).

⁷ See CBOE Rule 12.3(c)(5).

⁸ See CBOE Rule 4.11.

Index Dailys will have the same exercise style as the exercise style for standard options overlying the same index option class (e.g., European-style for Daily Option Series on the S&P 500 Index and American-style for Daily Option Series on the S&P 100 Index). In addition, Index Dailys will be cash-settled based on the closing reported prices in the primary market for the component stocks of the underlying index. While standard options on certain indexes are A.M. settled (such as options on the S&P 500 Index), the Exchange is proposing to use a P.M. settlement value for all Index Dailys. This is because of their short duration, and the fact that using an A.M. settlement value would be inconsistent with investors' interests in a short term contract. Moreover, the open interest in an expiring Index Daily options contract is highly likely to be far smaller than standard options contracts, thus posing little risk of impact on the closing price of the underlying index.

The Exchange believes that Daily Option Series will provide investors with a flexible and valuable tool to manage risk exposure, minimize capital outlays, and be more responsive to the timing of events affecting the securities that underlie option contracts. In particular, the Exchange seeks to introduce Daily Option Series to provide market participants with a tool to hedge overnight and weekend risk, as well as the risk of special events such as earnings announcements and economic reports, and pay a fraction of the premium of a standard or weekly option (due to the very small time value priced into the option premium). The Exchange believes that daily expirations would allow market participants to purchase an option based on a precise timeframe thereby allowing them to tailor their investment or hedging needs more effectively. With respect to Index Dailys, because P.M.-settlement permits trading throughout the day on the day the contract expires, the Exchange believes

this feature will permit market participants to more effectively manage overnight risk and trade out of their positions up until the time the contract settles.

The Exchange has confirmed that The Options Clearing Corporation will be able to clear Daily Option Series. In addition, 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 listing and trading of Daily Option Series.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)⁹ of the Act, in general, and furthers the objectives of Section 6(b)(5)¹⁰ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market in a manner consistent with the protection of investors and the public interest. The Exchange believes that the introduction of Daily Option Series would attract order flow to the Exchange, increase the variety of listed options to investors, and provide a valuable hedging tool to investors.

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.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

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) 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 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-2010-057 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-2010-057. 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-2010-057 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.¹¹

Dated: _____

Florence E. Harmon
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 3**Contract Specification for Daily Options on Equities – “Equity Dailys”****Symbols:**

TBD

Description:

Daily Options on Equities (“Equity Dailys” or “Equity Daily Options”) are physically-settled options - overlying individual stocks, exchange-traded funds (“ETFs”) or exchange-traded notes (“ETNs”) - that expire at the close each business day.

Underlying:

Any individual stock, ETF or ETN that has been approved for standard options trading on the CBOE.

Contracts Listed:

Up to four (4) Equity Dailys expiring on consecutive business days* will be listed at any one time. For example, the following table illustrates the Equity Daily Options that would be available for trading during a two-week period in May 2010. On Monday, May 3, 2010, CBOE would list Equity Daily Options expiring on May 3, May 4, May 5 and May 6. On Tuesday May 4, 2010, CBOE would list Equity Daily Options expiring on May 4, May 5, May 6 and May 10, and so on.

| | | <i>Listing Date</i> | | | | |
|-------------------------------------|---------|---|-------------------|---------------------|--------------------|------------------|
| | | Monday 5/3/10 | Tuesday 5/4/10 | Wednesday 5/5/10 | Thursday 5/6/10 | Friday 5/7/10 |
| Daily Option Expiration Date | 5/3/10 | x | | | | |
| | 5/4/10 | x | x | | | |
| | 5/5/10 | x | x | x | | |
| | 5/6/10 | x | x | x | x | |
| | 5/7/10 | Weekly Option Expiration - Dailys Blackout | | | | |
| | 5/10/10 | | x | x | x | x |
| | 5/11/10 | | | x | x | x |
| | 5/12/10 | | | | x | x |
| | 5/13/10 | | | | | x |
| | 5/14/10 | Weekly Option Expiration - Dailys Blackout | | | | |

* *Note:* Equity Daily Options series shall not be listed if the expiration date is the same as the expiration date for standard options, Weekly Options or Quarterly Options (“blackout dates”).

Contract Size:

Generally 100 shares of the individual stock, ETF or ETN underlying Equity Daily Options.

Strike Price Intervals:

Strike price intervals shall be the same as those for standard options overlying the same individual stock, ETF or ETN class.

Strike Prices:

In-, at- and out-of-the-money strike prices shall be listed. CBOE may list up to 20 strike prices for each Equity Daily Options expiration date.

Premium Quotation:

Stated in decimals. One point equals \$100. Minimum tick for options trading below 3.00 is 0.05 (\$5.00) and for all other series, 0.10 (\$10.00).

Exercise Style:

American -- Equity Daily Options generally may be exercised on any business day before the expiration date.

Last Trading Day:

Trading in Equity Daily Options will ordinarily cease on the business day on which the options expire.

Expiration Date:

Except for blackout dates, certain series of Equity Daily Options expire each day that the CBOE is open for trading.

Settlement of Option Exercise:

Exercise notices properly tendered on any business day will result in delivery of shares of the underlying individual stock, ETF or ETN on the third business day following exercise.

Position and Exercise Limits:

Positions in Equity Daily Options shall be aggregated with positions in standard options and LEAPS overlying the same individual stock, ETF or ETN for the purposes of position limits under CBOE Rule 4.11 and satisfying reporting requirements under CBOE Rule 4.13. The number of contracts on the same side of the market that may be exercised within any five consecutive business days is equal to the position limit. Exemptions may be available for certain qualified hedging strategies.

Margin:

Margins would match those of standard options overlying the same individual stock, ETF or ETN class. Writers of uncovered puts or calls must deposit / maintain 100% of the option proceeds* plus 20% (15% for certain ETFs) of the aggregate contract value (current equity price x \$100) minus the amount by which the option is out-of-the-money, if any, subject to a minimum for calls of option proceeds* plus 10% of the aggregate contract value and a minimum for puts of option proceeds* plus 10% of the aggregate exercise price amount. (*For calculating maintenance margin, use option current market value instead of option proceeds.) Additional margin may be required pursuant to Exchange Rule 12.10. Long puts or calls must be paid for in full.

Trading Hours:

Equity Daily Options will have the same trading hours as standard options overlying the same individual stock, ETF or ETN class.

Contract Specification for Daily Options on Indexes – “Index Dailys”

Symbols:

TBD

Description:

Daily Options on Indexes (“Index Dailys” or “Index Daily Options”) are cash-settled options - overlying securities indexes such as the S&P 500 Index (SPX, XSP), Nasdaq-100 Index (NDX, MNX), S&P 100 Index (OEX, XEO), Russell 2000 Index (RUT, RMN) and Dow Jones Industrial Average (DJX) - that expire at the close each business day.

Underlying:

Any index that has been approved for standard options trading on the CBOE.

Contracts Listed:

Up to four (4) Index Dailys expiring on consecutive business days* will be listed at any one time. For example, the following table illustrates the Index Daily Options that would be available for trading during a two-week period in May 2010. On Monday, May 3, 2010, CBOE would list Index Daily Options expiring on May 3, May 4, May 5 and May 6. On Tuesday May 4, 2010, CBOE would list Index Daily Options expiring on May 4, May 5, May 6 and May 10, and so on.

| | | <i>Listing Date</i> | | | | |
|-------------------------------------|---------|---|-------------------|---------------------|--------------------|------------------|
| | | Monday 5/3/10 | Tuesday 5/4/10 | Wednesday 5/5/10 | Thursday 5/6/10 | Friday 5/7/10 |
| <i>Daily Option Expiration Date</i> | 5/3/10 | x | | | | |
| | 5/4/10 | x | x | | | |
| | 5/5/10 | x | x | x | | |
| | 5/6/10 | x | x | x | x | |
| | 5/7/10 | Weekly Option Expiration - Dailys Blackout | | | | |
| | 5/10/10 | | x | x | x | x |
| | 5/11/10 | | | x | x | x |
| | 5/12/10 | | | | x | x |
| | 5/13/10 | | | | | x |
| | 5/14/10 | Weekly Option Expiration - Dailys Blackout | | | | |

* *Note:* Index Daily Options series shall not be listed if the expiration date is the same as the expiration date for standard options, Weekly Options or Quarterly Options (“blackout dates”).

Multiplier:

\$100.

Strike Price Intervals:

Strike price intervals shall be the same as those of standard options overlying the same index class.

Strike Prices:

In-, at- and out-of-the-money strike prices shall be listed. CBOE may list up to 20 strike prices for each Index Daily Options expiration date.

Premium Quotation:

Stated in decimals. One point equals \$100. Minimum tick for options trading below 3.00 is 0.05 (\$5.00) and for all other series, 0.10 (\$10.00).

Exercise Style:

Exercise style for Index Daily Options shall be the same as for standard options overlying the same index class. For example, SPX standard options and SPX Daily Options would both have European exercise style, and could be exercised only on their expiration dates. OEX standard options and OEX Daily Options would both have American exercise style, and could be exercised on any business day.

Last Trading Day:

Trading in Index Daily Options will ordinarily cease on the business day on which the options expire.

Expiration Date:

Except for blackout dates, certain series of Index Daily Options expire each day that the CBOE is open for trading.

Settlement of Option Exercise:

Index Daily Options are PM-settled, and cash-settled. The exercise-settlement value is calculated using the last (closing) reported sales price in the primary market of each component stock on the expiration date. If the exercise-settlement value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the settlement value will be determined in accordance with the rules and bylaws of the Options Clearing Corporation. The exercise-settlement amount is equal to the difference between the exercise-settlement value and the exercise price of the option, multiplied by \$100. Exercise will result in delivery of cash on the business day following expiration.

Position Limit:

Positions in Index Daily Options shall be aggregated with positions in standard options and LEAPS overlying the same index class for the purposes of position limits and satisfying the reporting requirements under Interpretation and Policy .03 to Rule 24.4.

Margin:

Margins would match those of standard options overlying the same index class. Uncovered writers must deposit 100% of the option proceeds plus 15% (broad-based) or 20% (non broad-based) of the aggregate contract value (current index level multiplied by \$100) minus the amount by which the option is out-of-the-money, if any. Minimum margin is 100% of the option proceeds plus 10% of the aggregate contract value. Long puts or calls must be paid for in full.

Trading Hours:

Index Daily Options will have the same trading hours as standard options overlying the same index class.

EXHIBIT 5

The text of the proposed rule change is provided below with additions underlined and deletions [bracketed].

Chicago Board Options Exchange, Incorporated
Rules

* * * * *

Rule 1.1—Definitions

RULE 1.1. When used in these Rules, unless the context otherwise requires:

(a) – (ggg) No change.

Daily Option Series

(hhh) The term "Daily Option Series" means a series in an option class that is approved for listing and trading on the Exchange in which the series has a term of between one business day and four business days.

* * * * *

Rule 5.5. —Series of Option Contracts Open for Trading

RULE 5.5.

(a) After a particular class of options (call option contracts or put option contracts relating to a specific underlying security or calculated index) has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options on that class. Only options contracts of series currently open for trading may be purchased or written on the Exchange. Prior to the opening of trading in a given series, the Exchange will fix the expiration month, year and exercise price of that series. Exercise price setting parameters adopted as part of the Options Listing Procedures Plan are set forth in Rule 5.5A. For Short Term Option Series, the Exchange will fix a specific expiration date and exercise price, as provided in paragraph (d). For Quarterly Options Series the Exchange will fix a specific expiration date and exercise price, as provided in paragraph (e). For Delayed Start Option Series, the Exchange will fix a specific expiration date and exercise price as provided under Rule 24.9(d). For Daily Option Series, the Exchange will fix a specific expiration date and exercise price, as provided in paragraph (f).

(b) Except for Short Term Option Series, Quarterly Options Series, [and] Delayed Start Option Series and Daily Option Series, at the commencement of trading on the Exchange of a particular class of options, the Exchange usually will open three series of options for each expiration month in that class. The exercise price of each series will be fixed at a price per share, with at least one strike price above and one strike price below the price at which the underlying stock is traded in the primary market at about the time that class of options is first opened for trading on the Exchange. Paragraph (d) will govern the procedures for opening Short Term Options Series. Paragraph (e) will govern the procedures for opening Quarterly Options Series. Rule 24.9(d) will govern the procedures for setting the exercise price for Delayed Start Option Series. Paragraph (f) will govern the procedures for opening Daily Option Series.

(c) No change.

(d) – (e) No change.

(f) Daily Option Series Program. The Exchange may list and trade Daily Options Series. On any business day, and subject to the restrictions set forth in (f)(2) below, the Exchange may have trading up to four Daily Option Series on a particular options class, each of which will have consecutive expiration dates. For example, if the Exchange chooses to list four Daily Option Series on a security on Monday of a week in which each day is a business day, all four of that Daily Option Series will open on Monday of that week, and the first to expire will expire on that Monday, the second to expire will expire on Tuesday of that week, the third to expire will expire on Wednesday of that week, and the fourth to expire will expire on Thursday of that week. On Tuesday of that week, the Exchange may list Daily Option Series on that security that expires on Friday of that week or Monday of the following week because the Exchange already has three Daily Option Series currently trading on that security (i.e., the Daily Option Series expiring on that Tuesday, on Wednesday of that week, and on Thursday of that week).

(1) The Exchange may open up to twenty Daily Option Series for each expiration date in that class.

(2) Expiration. The Exchange may not list a Daily Option Series if the expiration date is the same day as the day on which any monthly option series, Short Term Option Series, or Quarterly Options Series on the same option class expires. In addition, the Exchange may not list a Daily Option Series that will expire on a day on which the Exchange is closed for business.

(3) Exercise and Settlement. Daily Options Series shall be American-style options and physically-settled.

(4) Initial Series. The strike price of each Daily Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the value of the underlying security at about the time that the Daily Option Series are initially

opened for trading on the Exchange (e.g., if seven series are initially opened, there will be at least three strike prices above and three strike prices below the value of the underlying security, as well as one strike price at the value of the underlying security). Any strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying security.

(5) Additional Series. If the Exchange has opened less than twenty Daily Option Series for a particular expiration date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the current value of the underlying security moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying security. The Exchange may also open additional strike prices of Daily Option Series that are more than 30% above or below the current value of the underlying security provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. The opening of the new Daily Option Series shall not affect the series of options of the same class previously opened.

(6) Strike Interval. The interval between strike prices on Daily Option Series shall be the same as the strike prices for series in the same option class that expire in accordance with the normal monthly expiration cycle.

(7) Margin. Margin for Daily Option Series on an options class shall be the same as the margin for standard options overlying the same options class.

... Interpretations and Policies:

.01 - .02 No change.

.03 Except for Short Term Option Series, Quarterly Options Series, [and] Delayed Start Option Series, and Daily Option Series, the Exchange usually will open four expiration months for each class of options open for trading on the Exchange: the first two being the two nearest months, regardless of the quarterly cycle on which that class trades; the third and fourth being the next two months of the quarterly cycle previously designated by the Exchange for that specific class. (For example, if the Exchange listed, in late April, a new stock option on a January-April-July-October quarterly cycle, the Exchange would list the two nearest term months (May and June) and the next two expiration months of the cycle (July and October).[]) When the May series expires, the Exchange would add January series. When the June series expires, the Exchange would add August series as the next nearest month, and would not add April).

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Rule 24.1 —Definitions

RULE 24.1

(a) – (aa) No change.

Daily Option Series

(bb) The term "Daily Option Series" means, for the purposes of Chapter XXIV, a series in an index option class that is approved for listing and trading on the Exchange in which the series has a term of between one business day and four business days.

* * * * *

Rule 24.4—Position Limits for Broad-Based Index Options

RULE 24.4.

(a) – (d) No change.

(e) Positions in Short Term Option Series, Quarterly Options Series, [and] Delayed Start Option Series, and Daily Option Series shall be aggregated with positions in options contracts in the same index class.

...Interpretations and Policies:

.01 – .04 No change.

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Rule 24.9—Terms of Index Option Contracts

RULE 24.9.

(a) *General.*

(1) *Exercise Prices.* The Exchange shall determine fixed-point intervals of exercise prices for call and put options.

(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 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.

(C) Daily Option Series Program. Notwithstanding the preceding restriction, the Exchange may list and trade Daily Options Series. On any business day, and subject to the restrictions set forth in (a)(2)(C)(ii) below, the Exchange may have trading up to four Daily Option Series on a particular index options class, each of which will have consecutive expiration dates. For example, if the Exchange chooses to list four Daily Option Series on the S&P 500 Index on Monday of a week in which each day is a business day, all four of that Daily Option Series will open on Monday of that week, and the first to expire will expire on that Monday, the second to expire will expire on Tuesday of that week, the third to expire will expire on Wednesday of that week, and the fourth to expire will expire on Thursday of that week. On Tuesday of that week, the Exchange may list Daily Option Series on the S&P 500 Index that expires on Friday of that week or Monday of the following week because the Exchange already has three Daily Option Series currently trading on that index (i.e., the Daily Option Series expiring on that Tuesday, on Wednesday of that week, and on Thursday of that week).

(i) The Exchange may open up to twenty Daily Option Series for each expiration date in that class.

(ii) Expiration. The Exchange may not list a Daily Option Series if the expiration date is the same day as the day on which any monthly option series, Short Term Option Series, or Quarterly Options Series on the same index option class expires. In addition, the Exchange may not list a Daily Option Series that will expire on a day on which the Exchange is closed for business.

(iii) Exercise and Settlement. Daily Option Series shall have the same exercise style as the exercise style for standard options overlying the same index option class (e.g., European-style for Daily Option Series on the S&P 500 Index and American-style for Daily Option Series on the S&P 100 Index). In addition, Daily Option Series shall be cash-settled based on the closing reported prices in the primary market for the component stocks of the underlying index.

(iv) Initial Series. The strike price of each Daily Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the calculated value of the underlying index at about the time that the Daily Option Series are initially opened for trading on the Exchange (e.g., if seven series are initially opened, there will be at least three strike prices above and three strike prices below the calculated index value, as well as one strike price at the value

of the calculated index value). Any strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying index.

(v) Additional Series. If the Exchange has opened less than twenty Daily Option Series for a particular expiration date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the current value of the underlying index moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying index. The Exchange may also open additional strike prices of Daily Option Series that are more than 30% above or below the current value of the underlying index provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. The opening of the new Daily Option Series shall not affect the series of options of the same class previously opened.

(vi) Strike Interval. The interval between strike prices on Daily Option Series shall be the same as the strike prices for series in the same index option class that expire in accordance with the normal monthly expiration cycle.

(vii) Margin. Margin for Daily Option Series on an index class shall be the same as the margin for standard options overlying the same index option class.

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