



Regulatory Circular RG10-125

To: Trading Permit Holders  
From: Trading Operations  
Date: December 1, 2010  
Re: SPX PM-settled Weeklys (End-of-Week Options) System Settings

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On December 2, 2010, CBOE plans to begin trading PM-settled SPX Weeklys (End-of-Week options), symbol SPXW, on the Hybrid trading system.

System settings will be as follows:

- Orders of any origin will be eligible for auto-execution.
- As a protection measure, market orders that require fills at multiple prices will stop executing and route to PAR once the next available price is more than an allowable amount beyond the initial BBO that existed when the order was first received.

Settings are as follows:

Initial BBO	Permissible execution beyond initial BBO
0 – .50 =	.1
.51 – 1.00 =	.15
1.01 – 2.00 =	.20
2.01 – 3.00 =	.25
3.01 – 5.00 =	.30
5.01 – 8.00 =	.40
8.01 – 12.00 =	.50
12.01 – 20.00 =	.60
20.01 – 30.00 =	.80
30.01 – 40.00 =	1.00
40.01 – 50.00 =	1.20
Above 50 =	1.50

- Orders of any origin will be eligible to rest in the simple (non-complex) order book.
- The W origin code requirements (for professionals and voluntary professionals) will be applicable for SPXW but not for SPX. The transaction fees for W are the same as that for Broker-Dealers. For further information on the applicable fees, please refer to SR-CBOE-2010-104 and the Fees Schedule.
- Trades executed electronically will be allocated in price-time sequence among all participants, including public customers, with the exception of opening trades at the minimum price increment. For such trades, the allocation method will continue to be as specified in Regulatory Circular RG08-72.
- Quote-to-Quote Lock timer will be set to 1 second.

- Order origins C (public customer), W (professional and voluntary professional), B (broker/dealer) and F (firm) will be eligible to rest in COB and initiate a COA.
- The minimum increment for limit prices on complex orders and COA auction responses is \$.05. Participants responding to COA auctions are reminded that CBOE systems will not block responses sent in sub-nickel increments, although such prices are not permitted (see Regulatory Circular RG10-113).
- The COA auction timer will be set to 250ms.
- Complex orders with both SPX and SPXW legs will not be eligible for COA or COB but will be accepted and routed for manual handling.
- AIM and SAL auctions will not be available.
- Preferred Market Maker will not be available.
- Reserve orders will not be permitted. Participants are reminded that CBOE systems will not reject such orders even though they are not permitted in SPXW.

Other details:

- Trades executed in open outcry will be allocated pursuant to Rule 6.45B(b).
- The open outcry crossing entitlement will be 20% (after satisfying public customer orders) for facilitations (and not solicitations) of eligible orders of 50 contracts or more. Please refer to Rule 6.74(d) for further details.
- Trading hours will be 8:30-3:15 on all trading days. CBOE is considering a rule change to potentially allow a closing time of 3:00 on expiration day in the future.
- The in-person percentage requirement (Rule 8.7.03B) and 20% electronic contract volume test for various quoting obligations (Rule 8.7(d)) will be measured on a class basis (i.e., for SPX and SPXW activity combined). The quoting obligations that apply to SPXW options series once a Market-Maker trades more than 20% SPX plus SPXW contract volume electronically will begin the quarter following the quarter in which the 20% threshold was reached. (This information replaces/updates certain aspects of Regulatory Circular RG10-111.)
- SPXW will be subject to the same bid/ask differentials that apply to other SPX series (see Regulatory Circular RG10-30). The initial size of a Market-Maker quote must be for at least 10 contracts.

**IMPORTANT:** Unless otherwise instructed by e-mail from the executing clearing firm, the Help Desk will set all routing parameters to deliver all eligible orders to the CBOEdirect trade engine for automated handling. Firms wishing to impose restrictions must e-mail the Help Desk at [helpdesk@cboe.com](mailto:helpdesk@cboe.com).

Please see Regulatory Circulars RG10-111 and RG10-112 for further information. Contact Anthony Montesano at 312-786-7365 / [montesan@cboe.com](mailto:montesan@cboe.com), Greg Burkhardt at 312-786-7531 / [burkhard@cboe.com](mailto:burkhard@cboe.com), or the Help Desk at 1-866-728-2263 / [helpdesk@cboe.com](mailto:helpdesk@cboe.com) with any questions.

(Updates Regulatory Circular RG10-111)