



Regulatory Circular RG11-139

To: Trading Permit Holders
From: Legal & Regulatory Services Divisions
Date: November 18, 2011
RE: Prefix Usage for SPX Combination ("Combo") Orders

The purpose of this Regulatory Circular is to remind SPX traders that for **all** SPX Combo Orders that are transacted, SPX traders are required to designate each of the component series of the order as "**CMBO**" on all electronic execution systems, such as PAR Terminals, when submitting the trade to the Exchange for price reporting.¹ On PAR Terminals this is accomplished by selecting the "CMBO ENDORSED" tab on the PAR Terminal.

1. When an SPX Combo Order is transacted, the prices of the component series must be reported to the trading floor and to OPRA using the prefix "CMBO." The "CMBO" prefix acts as notice to the public that the reported prices are part of an SPX Combo Order and helps avoid investor confusion regarding out-of-range SPX prices.
2. As required by Rule 24.20, a Trading Permit Holder must be holding an SPX Combo Order when it is originally quoted. Orders must also be systematized in accordance with Rule 6.24 (the COATS rule).

The Regulatory Services Division will monitor trading activity for compliance with Rule 24.20. Among other things, executions not meeting the Rule 24.20 requirements may be considered violations of the SPX limit book and/or displayed market priority. For additional information, please refer to Rule 24.20 and Regulatory Circular RG07-06.

Questions regarding the PAR Combo Endorsed feature may be referred to Jeff Short at 786-8410 or Monica Wiedlin-Torres at 786-7368.

Questions concerning this circular may be directed to the Regulatory Interpretations and Guidance Line at 312-786-8141.

¹ An "SPX Combo Order" is defined in Rule 24.20 as an order to purchase or sell SPX options and the offsetting number of SPX combinations defined by the delta. (An "SPX combination" is a long (short) SPX call and a short (long) SPX put having the same expiration date and strike price). The "delta" is defined as the positive (negative) number of SPX combinations that must be sold (bought) to establish a market neutral hedge with an SPX option position. See Regulatory Circular RG07-06 for an explanation of Rule 24.20.