

To: Trading Permit Holders

Regulatory Circular RG12-138

From: Legal Division

Date: October 19, 2012

Re: Changes to Market-Maker Continuous Electronic Quoting Obligation in Hybrid Classes

This Circular replaces RG12-108.

Effective November 1, 2012, the continuous quoting obligation will be amended for all Market-Makers in Hybrid classes. Market-Makers' current continuous quoting obligations are as follows:

- ◆ Preferred Market-Makers (PMMs), Lead Market-Makers (LMMs) and Electronic Designated Primary Market-Makers (eDPMs) are required to provide continuous electronic quotes in at least 90% of the non-adjusted option series of each option class allocated to them pursuant to Rules 8.13, 8.15A and 8.93, respectively.
- ◆ Designated Primary Market-Makers (DPMs) are required to provide continuous electronic quotes in at least 90% of the non-adjusted option series of each appointed multiply listed option class and in 100% of the non-adjusted option series of each appointed singly listed option class pursuant to Rule 8.85.
- ◆ All other Market-Makers are required to provide continuous electronic quotes in at least 60% of the non-adjusted series for the front nine months when quoting in a particular appointed class on a given trading day pursuant to Rule 8.7.
- ◆ For all Market-Makers, "continuous electronic quotes" means 99% of the time that the Market-Maker is required to provide electronic quotes in an appointed class on a trading day pursuant to Rule 1.1(ccc).

Effective November 1, 2012, Market-Makers will be required to continuously quote as follows:

- ◆ PMMs, LMMs, DPMs and eDPMs will all be required to provide continuous electronic quotes in the lesser of at least 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair of each appointed option class, with the term "call-put pair" referring to one call and one put that cover the same underlying instrument and have the same expiration pursuant to Rules 8.13, 8.15A, 8.85 and 8.93, respectively.
- ◆ All other Market-Makers will continue to be required to provide continuous electronic quotes in 60% of the non-adjusted option series for the front nine months when quoting in a particular appointed class on a given trading day pursuant to Rule 8.7.
- ◆ For all Market-Makers, "continuous electronic quotes" will mean 90% of the time that Market-Makers are required to provide electronic quotes in each appointed class on a trading day pursuant to Rule 1.1(ccc).

For additional details on Market-Maker quoting obligations, please review Rule 8.7 relating to Market-Makers, Rule 8.15A relating to LMMs, Rule 8.85 relating to DPMs, and Rule 8.93 relating to eDPMs. All CBOE Rules are available on CBOE's website at <http://www.cboe.com/Legal>.

Please contact the Regulation Department at RegInterps@cboe.com if there are any questions.