



EXECUTE SUCCESS<sup>SM</sup>

## Regulatory Circular RG13-058

**Date:** April 11, 2013

**To:** Trading Permit Holders

**From:** Legal Division

**RE:** Changes to Market-Makers' Continuous Electronic Quoting Obligations in Hybrid Classes

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**This Circular replaces RG12-138 and RG12-140.**

Effective May 1, 2013, the continuous quoting obligation will be amended for all Market-Makers in Hybrid classes (all classes except Hybrid 3.0 class SPX). Market-Makers' currently must continuously quote 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 in Hybrid classes, "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 May 1, 2013, Market-Makers in Hybrid classes will be required to continuously quote as follows:

- ◆ LMMs, DPMs and e-DPMs will 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 (call-put pair) pursuant to Rules 8.15A, 8.85 and 8.93, respectively.
- ◆ PMMs will be required to provide continuous electronic quotes in the lesser of at least 99% of the non-adjusted option series that have a time to expiration of less than nine months or 100% of the non-adjusted option series that have a time to expiration of less than nine months minus one call-put pair of each appointed option class pursuant to Rule 8.13. PMMs may still receive a participation entitlement in series that have a time to expiration of nine months or more if a PMM decides to quote in such series and otherwise satisfies the requirements set forth in Rule 8.13(b).
- ◆ All other Market-Makers will continue to be required to provide continuous electronic quotes in 60% of the non-adjusted option series that have a time to expiration of less than nine months when quoting in a particular appointed class on a given trading day pursuant to Rule 8.7.
- ◆ For all Market-Makers in Hybrid classes, "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 all Market-Makers in Hybrid classes, these continuous quoting obligations will not apply to intra-day add-on series on the day during which the series are added. PMMs, LMMs, DPMs and e-DPMs may still receive a participation entitlement for intra-day add on series on the day in which the series are added if a PMM, LMM, DPM or e-DPM decides to quote in those series and otherwise satisfies the requirements set forth in the applicable rule.

For additional details on Market-Maker quoting obligations in Hybrid classes, please review Rule 8.7 relating to Market-Makers, Rule 8.13 relating to PMMs, Rule 8.15A relating to LMMs, Rule 8.85 relating to DPMs, and Rule 8.93 relating to e-DPMs. All CBOE Rules are available on CBOE's website at <http://www.cboe.com/Legal>.

**Additional Information:**

Please contact the Regulation Department at [RegInterps@cboe.com](mailto:RegInterps@cboe.com) if there are any questions.

Please also see Rule Change Filing Nos. SR-CBOE-2012-064, SR-CBOE-2013-008, and SR-CBOE-2013-019 for additional information on Market-Maker continuous quoting obligations in Hybrid classes.