

CBOE Regulatory Circular RG13-132 C2 Regulatory Circular RG13-050

Date: October 21, 2013

To: Trading Permit Holders

From: Regulatory Services Division

RE: Exercises of Expiring Option Contracts for Position Limit Purposes

The Options Clearing Corp. ("OCC") does not accept exercise instructions for expiring option contracts on the final day of trading of such option. However, the Exchange has determined that a Trading Permit Holder ("TPH") or customer may irrevocably exercise near-term, in-the-money expiring option positions on this day to eliminate such positions from their account for position limit purposes. A position is considered irrevocably exercised at the time an irrevocable exercise instruction memorandum ("irrevocable memorandum") is prepared and time stamped. Therefore, any TPH or customer with an overall position near the applicable limit on the final day of trading of an expiring option may prepare and time stamp an irrevocable memorandum for their near-term, in-the-money expiring options to enable an increase in their overall position. An irrevocable memorandum must be completed prior to establishing additional positions that would otherwise put the account over the position limit. It is important to note that the irrevocable memorandum must be completed, even though the position may be subject to the OCC's exercise-by-exception process. Only those near-term expiring option contracts indicated on the irrevocable memorandum which are actually exercised will be eliminated from the account for position limit purposes.

To be applied against a position for position limit purposes, a copy of the irrevocable memorandum must be submitted to the Department of Market Regulation, at irrevocableexercise@cboe.com, no later than the Monday following expiration. A copy of the irrevocable memorandum must also be maintained by both the entering and clearing TPH for the appropriate amount of time in accordance with SEC rules.

Additional Information:

Please contact the Regulatory Interpretations and Guidance team at RegInterps@cboe.com or (312) 786-8141 for additional information.

(CBOE Regulatory Circular RG01-02, Revised)