

CBOE Regulatory Circular RG13-149 C2 Regulatory Circular RG13-061

Date: November 25, 2013

To: Trading Permit Holders
From: Market Operations
RE: Changes to Obvious Error Provisions

This Regulatory Circular updates CBOE RG 13-143 and C2 RG 13-057

As a reminder, CBOE and C2 recently filed proposed rule changes to amend CBOE Rule 6.25 and C2 Rule 6.15 to modify how CBOE or C2 (collectively, the “Exchanges”) will nullify or adjust an Obvious Error. (See SR-CBOE-2013-103 and SR-C2-2013-038.)

These changes will become effective Wednesday, November 27, 2013.

As amended, transactions on either CBOE or C2 that are determined to be Obvious Errors, as defined in CBOE Rule 6.25 and C2 Rule 6.15, will be:

- Adjusted to the Theoretical Price (plus or minus an adjustment penalty) if neither party to the transaction is a non-broker-dealer customer, e.g. broker-dealers, market-makers, or other Professionals¹, unless both parties agree to adjust to another price within 10 minutes of notification of the error.
- Nullified if such transaction involves at least one non-broker-dealer customer unless both parties to the transaction agree to adjust the trade within 30 minutes of notification of the error.

Additional Information:

For further information regarding this matter please contact the CBOE Help Desk at 800-405-3277 or helpdesk@cboe.com.

¹ The Exchange also proposed to add text to CBOE Exchange Rules 1.1(fff) (Voluntary Professional) and Rule 1.1(ggg) (Professional) and C2 Rule 1.1 to include a reference to Rule 6.25 or Rule 6.15, respectively. These designations are done on the Exchange on an order by order basis. Thus, through reference, Professional orders will be treated as broker-dealer orders. In addition certain non-broker-dealer customers may have their orders treated as broker-dealer orders rather than as public customer orders for purposes of CBOE Rule 6.25 or Rule 6.15