



EXECUTE SUCCESSSM

Regulatory Circular RG14-087

Date: June 9, 2014

To: Trading Permit Holders

From: Business Development Division

RE: Complex Order Routing Parameters Based on Largest Leg

Beginning June 9, 2014, CBOE will start rolling out an enhancement to the order quantity parameters used to determine the routing of complex orders.

The quantity-based routing parameters available to Trading Permit Holders (TPHs) will be enhanced to use the quantity on the largest leg of the order instead of the number of overall strategy units, which was the case prior to this enhancement. Quantity-based routing parameters establish the maximum size complex order that will be eligible to route directly to the CBOE Command trade engine for automated processing versus for open outcry handling.

Currently, for example, an order to buy 10 XYZ SEP 50 Calls and sell 20 XYZ SEP 60 Calls is viewed as a 1-by-2 with quantity of 10. Firm-specific complex order quantity parameters for this order currently evaluate the order using a quantity of 10 overall strategy units. With the new enhancement, the complex order quantity parameters will base the routing on the largest option leg of the complex order (i.e., in the above example, the routing parameters will be based on a quantity of 20, the largest leg), whereas previously the routing parameters would have been based on a quantity of 10.

IMPORTANT: This enhancement does not alter the product creation logic for complex strategies used by the CBOE Command trade engine. Rather, only quantity-based routing parameters are impacted by this change.

Each TPH will be required to confirm their current settings with the CBOE Help Desk via email. Any requested changes to those settings should be indicated in the email.

Additional Information:

Questions regarding this matter may be directed to the CBOE Help Desk at helpdesk@cboe.com or 866-728-2263.