

Regulatory Circular RG14-123**Date:** August 12, 2014**To:** Trading Permit Holders**From:** Market Maker and DPM Administration**RE:** Solicitation for Lead Market-Makers during Extended Trading Hours

CBOE will begin accepting applications for Lead Market-Maker (LMM) appointments in both SPX and VIX for Extended Trading Hours (ETH) beginning today, Tuesday, August 12, 2014. All applications are due to Allison Kile by August 27, 2014. The Exchange will appoint up to three (3) LMMs in each product for one year terms following an application and evaluation process (contingent on SEC approval of a rule filing to adopt rules related to ETH), subject to renewal at the Exchange's discretion. The Exchange will appoint each LMM to SPX and/or VIX based on a variety of factors considered by the Exchange as set forth in Rule 8.15A, including adequacy of capital, experience in trading index options, adherence to the Exchange rules, and ability to meet the LMM obligations, as well as other factors, such as performance, volume, capacity, market performance commitments, operational factors, efficiency, competitiveness, and environment in which the security will be traded.

Pending SEC approval, all Market-Makers, including LMMs, must maintain continuous two-sided quotes in 60% of the series with less than nine months to expiration in their appointed products for at least 90% of the time they are quoting during ETH (to be determined on a monthly basis) and satisfy all other Market-Maker obligations set forth in Rule 8.7 during ETH. If an LMM (1) meets a heightened continuous quoting standard of at least the lesser of 99% of all series or 100% of all series minus one call-put pair within an appointed product for at least 90% of the time they are quoting during ETH (to be determined on a monthly basis) and (2) ensures an opening of the same percentage of series by 2:05 a.m. CT for 90% of the trading days during ETH in a given month, it (and any other LMM that meets the same heightened quoting standard during that month) will receive a pro-rata share of an LMM compensation pool totaling an amount of \$25,000/month per LMM per class. For example, if two LMMs are appointed in SPX, a compensation pool will be established each month totaling \$50,000. If both of the LMMs meet the heightened continuous quoting standard during a month, each will receive \$25,000. If only one LMM meets the heightened continuous quoting standard during a month, that LMM would receive \$50,000 and the other would receive nothing. Continuous quoting obligations during ETH will be separate from continuous quoting obligations during Regular Trading Hours.

Additional Information

Please see Regulatory Circulars RG14-043 and RG14-092 or [SR-CBOE-2014-062](#) for further information on ETH.

Interested parties may contact Allison Kile at 312-786-7210 or kilea@cboe.com for an LMM application. LMM appointments will be announced by future circular.