Regulatory Circular RG15-131

Date: **September 24, 2015**

To: Trading Permit Holders
From: Business Development Division
RE: Operational Settings for SPXPM during Extended Trading Hours (ETH) Session

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Updates Circular RG15-029

Pursuant to CBOE Rules 6.1 and 6.1A, the Chicago Board Options Exchange ("CBOE" or "Exchange") intends to commence trading in SPXPM options in the ETH session beginning October 1, 2015. Operational information is provided below. For more information, and links to Circulars and Press Release regarding ETH, please visit the ETH webpage at www.cboe.com/ETH.

Market-Makers

- LMM in SPXPM: IMC Financial Markets
- Market-Maker Continuous Electronic Quoting Obligation: A Market-Maker (including an LMM) will be required to maintain continuous electronic quotes in 60% of the series in its appointed class(es) that expire in less than nine months for 90% of the time when the Market-Maker is quoting during the ETH session.
- Bid/Ask Differential Requirements: There will be no quote bid/ask differential requirements.
- Minimum Quote Size Requirements: The minimum quote size requirement will be one.
- Market-Maker Tier Appointment Cost: .1

Orders

- Minimum Price Increments for Simple Orders: $0.05 under $3.00, and $0.10 above $3.00.
- Minimum Price Increments for Complex Orders: $0.05
- Order Types: All CBOE order types available for electronic processing with the exception of GTC, MKT, STP, MOC, NH and MIN will be available.
- Complex orders that include a combination of SPXPM, SPX and SPXW legs are not supported and will be rejected to the sender.
- The following will be automatically returned to the sender: Orders that are not supported, orders that exceed drill-through execution protection limits, limit orders that fail price reasonability protections, and any other order or portion thereof that cannot be processed electronically.

Opening

- Hybrid Agency Liaison on the Opening (HAL-O) will be active with a 20 millisecond timer (see Rule 6.2B.03).

Matching Algorithms and Auctions

- Allocation for Regular Electronic Executions: Price-time, with no customer priority or participation entitlements (see Rule 6.45B(a)(i)).
- Hybrid Agency Liaison (HAL): HAL will be active with a 20 millisecond timer only for purposes of the drill through protection feature described in Rule 6.13(b)(v).

- Complex Order Auction (COA): COA will be active with a 100 millisecond timer (see Rule 6.53C(d)). Complex orders from customers (origin code C) and professional customers (origin code W) are eligible for COA. COA responses will be permitted from all Trading Permit Holders (TPHs). Rule 6.53C(d)(v) describes the allocation of COA orders and responses, which with respect to auction responses generally provides for customer priority and capped size pro-rata among professionals.
- Complex Order Book (COB): Complex orders from all participants will be eligible to rest in the COB.
- Automated Improvement Mechanism (AIM): AIM will be active with a 1000 millisecond timer (see Rule 6.74A). Both simple and complex orders will be supported. Participation entitlement for the contra/match order will be 50% if matched by one participant or 40% if matched by two or more participants. Auction responses are permitted from appointed Market-Makers and TPHs acting on behalf of orders at the top of the book (or COB) at the start of the auction. Rule 6.74A(b)(3) describes the allocation of AIM orders and responses, which will be customer priority and price-time among professionals for SPXPM. The minimum price increment for AIM will be $.05 under $3 and $.10 above $3 for SPXPM simple orders, and $.05 for SPXPM complex orders. There will be no minimum number of quoters required to start the auction.
- Solicitation Auction Mechanism (SAM): SAM, or "AON AIM", will not be active.

Other Settings

- Opening timers, Exchange Prescribed Width (EPW), Opening EPW (OEPW) and drill-through protection settings in the ETH session will be the same as those in the RTH session (see RG11-072, RG14-156 and RG12-019, respectively, for current settings.
- Please see RG15-029 for additional details on operational settings in the ETH session.

Additional Information

For additional information regarding operational matters, please contact the CBOE Help Desk at helpdesk@cboe.com or 866-728-2263.