

CFLEX[®] 2.0 on CBOEdirect[®]

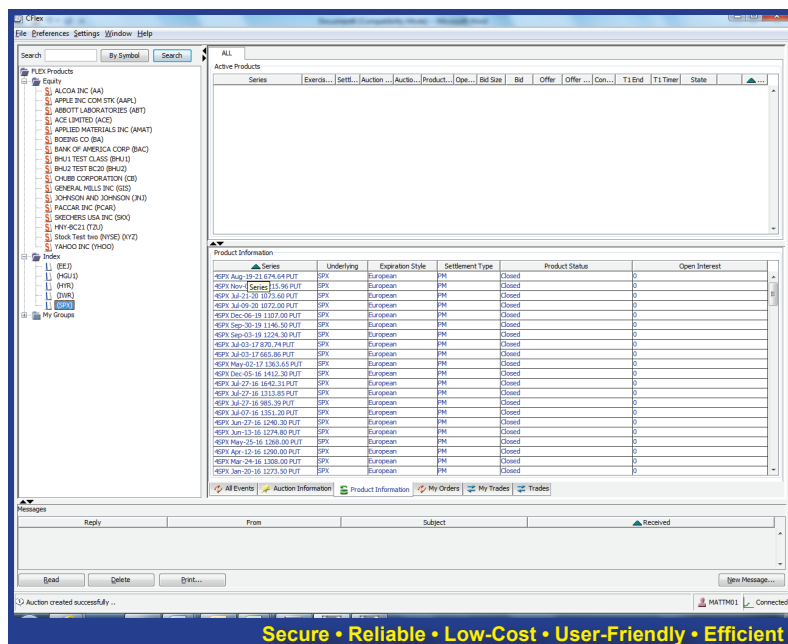
CBOE's new low-cost, internet-based FLEX[®] system. CFLEX[®] retains the existing advantages of exchange-traded FLEX options while providing a substantial improvement in operational efficiency. Connectivity to the system has been designed to be attractive and user friendly - a signed user agreement and internet accessible workstation are all that is required.

FEATURES

- Automated Process for Crossing (AIM)
- CBOEdirect APIs (FIX and CMi)
- Simple, internet-based GUI with new order risk controls
- Modified Price-Time Matching Algorithm
- Anonymous Trading
- Live Order Books
- Secondary auction market available to close or offset the position

WHY CFLEX?

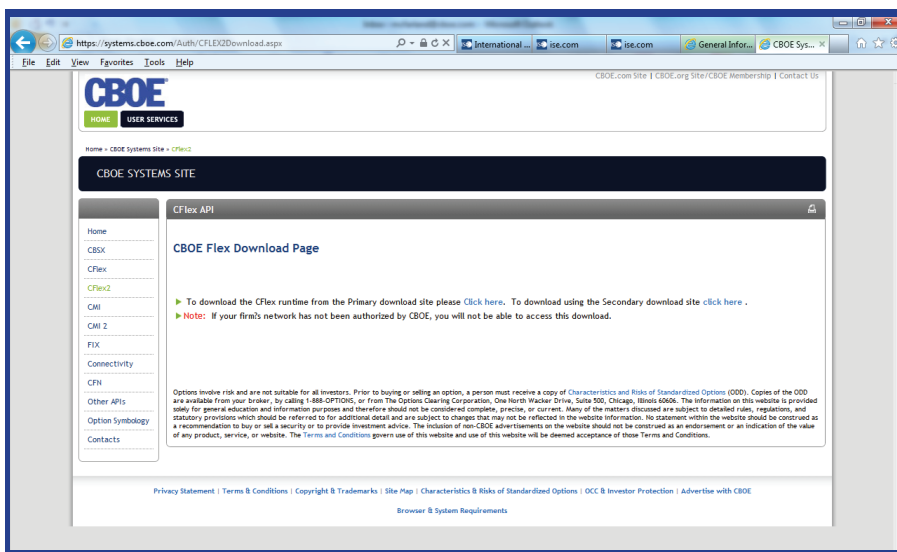
- Clearing guaranteed by the Options Clearing Corporation (OCC)
- Price discovery of competitive auction market
- Transparency of price and terms
- Administrative ease
- Reliable and Secure
- Daily valuation from an independent party (OCC)



GETTING STARTED

To obtain a login and download the CFLEX GUI, first register on the CBOE system site:

<https://systems.cboe.com/default.aspx>

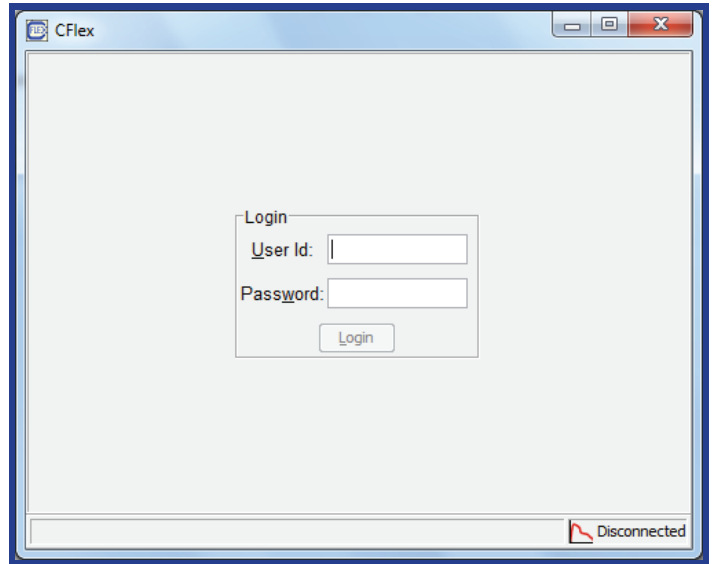


www.cboe.com/CFLEX

CBOE[®]

LOGIN

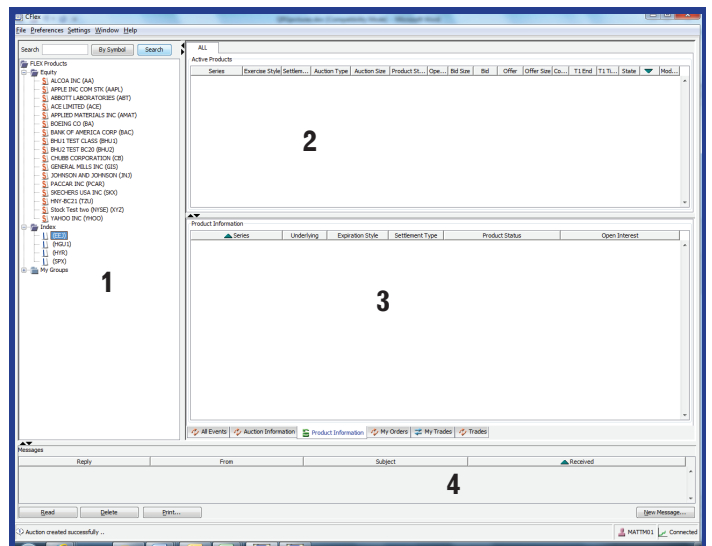
Once you have created a valid account and chosen a version of CFLEX, the next step will be to successfully log into the application. This will require inputting your newly created **Username** and **Password**. Contact CBOE CFLEX Help Desk to obtain a Username and Password : flex@cboe.com or (312) 460-1941.



MAIN SCREEN

After a successful login, the main screen appears. All trading activity occurs on this screen. The main screen is divided into 4 sections:

- 1) Select Option Class
- 2) Active RFQ/Order Book
- 3) Blotter
- 4) Messages

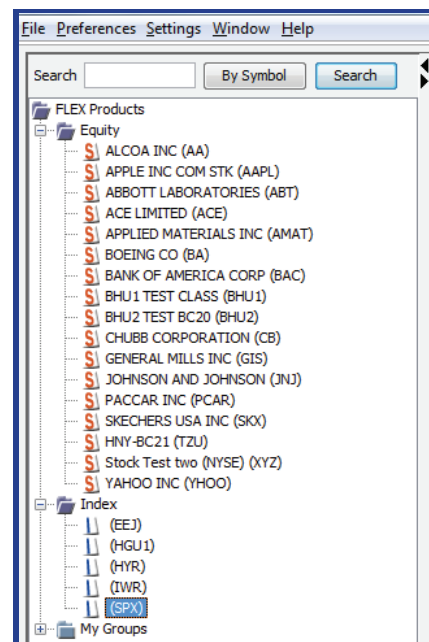


SELECT OPTION CLASS SECTION

There are two ways to access the products available for FLEX trading on CFLEX.

Search Field - Type in the stock name or option symbol and the product you selected will appear as part of a drop down menu.

Example: Enter AMAT in the text box. Applied Materials Inc. (AMAT) appears in a drop down menu. Hit the **enter** key to select the class.



INITIATE AUCTION

Start a FLEX Auction or an AIM Auction by right-clicking on the class that you wish to trade.

The FLEX AUCTION Auction Creation dialog box is shown. It includes sections for Product Definition, Leg Information, and Auction Details. The Product Definition section shows Underlying as (SPX), Settlement Type as AM, Price Type as \$, and Expiration Style as American. The Leg Information section shows Leg 1 with Ratio +1, Option Call, Expr. Date 12/17/2014, Strike Price 1256.45, and B/W. The Auction Details section has FLEX Auction selected. The Flex Auction section includes Quantity & Timer (Quantity 100, T1 Timer 3 Mins, 0 Sec) and Hedge Instruction (Reference selected, Underlying/Futures unselected, Price and Delta 0.00).

The AIM AUCTION Auction Creation dialog box is shown. It includes sections for Product Definition, Leg Information, and Auction Details. The Product Definition section shows Underlying as (SPX), Settlement Type as PM, Price Type as %, and Expiration Style as European. The Leg Information section shows Leg 1 with Ratio +1, Option Call, Expr. Date 12/18/2013, Strike Price 100.00, and B/W. The Auction Details section has AIM Auction selected. The AIM Auction section includes Primary Order (Debit (-1,-), Price% 4.23, Quantity 250, Contingency ACN) and Matched Order (Credit (-1,+), Price% 4.23, Quantity 250, Contingency ACN). Both sections include Hedge Instruction and Clearing Information fields.

RESPOND TO AUCTION

Once an auction is initiated, users will see it highlighted in green in the Active Products window indicating that responses can be submitted. Responders will have a certain amount of time to respond with their market quotes then the Initiator has the privilege of “first choice” before the RFQ is completed.

The Cflex Active Products window is shown. The Active Products table lists several products, with the first one highlighted in green. The Product Information section below the table shows details for the highlighted product.

Series	Exercise Style	Settle...	Auction Type	Auction Size	Product St...	Open...	Bid Size	Bid	Offer	Offer Size	Co...	T1 End	T1 Ti...	State	Mod...
JAMAT Jun-10-13	American	PM	FLEX	0	Open	0	250	1.26	1.65	250	-	10/21/02	400/21	Auction	10/20/...

Series	Underlying	Expiration Style	Settlement Type	Product Status	Open Interest
JAMAT Jun-10-13 25.63 CALL	AMAT	American	PM	Open	0
JAMAT Dec-09-11 54.00 CALL	AMAT	American	PM	Open	0

To respond to an auction, **double-click** on the bid/offer or **right-click** and choose Respond to auction from the menu and a response form will appear with the series information entered on the form. The user would complete the *Price Information* portion of the form and edit any *Clearing Information* if needed. The clearing information portion of the form will default to the information stored in the user's profile.

The Respond To Flex dialog box is shown. It includes sections for Product Information, Leg Information, Price Information, and Clearing Information. The Product Information section shows Underlying as APPLIED MATERIALS INC (AMAT), Settlement Type as PM, Price Type as \$, and Expiration Style as American. The Leg Information section shows Leg 1 with Side, Ratio, Option Call, Expr. Date 6/10/2013, Strike Price 25.63, and B/W. The Price Information section includes Buy and Sell prices (1.26 and 1.65), Quantity (250), Contingency (Auction Respo...), Reference Price (0.00), and Delta (0.00). The Clearing Information section includes Branch/Seq No (Buy: A/67, Sell: B/68), Account (AMI1), Sub-Account (321), CMTA (CBOE/111), Clearing Firm (CBOE.338), Position Effective (Open), and Order Origin (Market Maker).

EXECUTE FLEX

Once markets have been submitted and the initial stage of the auction is complete, the initiator can execute the FLEX auction. Double-click on the bid to create a sell response or double-click on the offer to create a buy response.

Execute Flex

Product Information
Underlying: APPLIED MATERIALS INC (AMAT) ... Settlement Type: PM ...
Price Type: \$... Expiration Style: American ...

Leg Information

Leg 1	Side	Ratio	Option	Expr. Date	Strike Price	B/W
			Call	6/10/2013	25.63	

Price Information
 Hedge Reference Pre-Facilitation Hedge
Price: 1.65 Quantity: 250 Contingency: None Price: 0.00 Delta: 0.00
 Underlying Futures

Clearing Information
Branch/Seq No: A / 127 Account: AMI1
CMTA: CB... 111 Sub-A...: 1233
Position Ef...: Open Cleari...: CBOE.338 Order...: Customer

Execute Flex

Product Information
Underlying: APPLIED MATERIALS INC (AMAT) ... Settlement Type: PM ...
Price Type: \$... Expiration Style: American ...

Leg Information

Leg 1	Side	Ratio	Option	Expr. Date	Strike Price	B/W
			Call	6/10/2013	25.63	

Price Information
 Hedge Reference Pre-Facilitation Hedge
Price: 1.26 Quantity: 250 Contingency: None Price: 0.00 Delta: 0.00
 Underlying Futures

Clearing Information
Branch/Seq No: A / 127 Account: AMI1
CMTA: CB... 111 Sub-A...: 1233
Position Ef...: Open Cleari...: CBOE.338 Order...: Customer

AIM AUCTION

The AIM FLEX Auction is new to CFLEX 2.0 on CBOE*direct* and allows for automated crossing of paired orders.

Auction Creation

Product Definition
Underlying: APPLIED MATERIALS INC (AMAT) Settlement Type: PM
Price Type: \$ Expiration Style: American

Leg Information

Leg 1	Ratio	Option	Expr. Date	Strike Price	B/W	Legs
	+1	Call	06/10/2013	11.26		+ -
Leg 2	+1	Put	06/10/2013	11.26		+ -

Auction Details
 FLEX Auction AIM Auction

AIM Auction

Primary Order
Price Information
 (+1,+1)
Price: 1.55 Quantity: 1,000 Contingency: AON Day
Hedge Instruction
 Hedge Reference Pre-Facilitation Hedge
 Underlying Futures
Price: 11.00 Delta: 0.09
Clearing Information
Branch/Seq No: A / 128 Account: AMI1
CMTA: CBOE 111 Sub-Acc: 123 Clearing Firm: CBOE.338
Position Effective: Open Order Origin: Customer

Matched Order
Price Information
 (-1,-1)
Price: 1.55 Quantity: 1,000 Mkt Contingency: AON Day
Hedge Instruction
 Hedge Reference Pre-Facilitation Hedge
 Underlying Futures
Price: 11.00 Delta: 0.09
Clearing Information
Branch/Seq No: B / 129 Account: AMI1
CMTA: CBOE 111 Sub-Acc: 321 Clearing Firm: CBOE.338
Position Effective: Open Order Origin: Market Maker

CBOE FLEX[®] OPTIONS

PRODUCT SPECIFICATIONS

OVERVIEW

FLEX Options (FLEXible EXchange[®] Options) are customizable options contracts traded at the Chicago Board Options Exchange and cleared by The Options Clearing Corporation. FLEX Options provide the ability to customize key contract terms including strike prices, exercise styles and expiration dates with the transparency, administrative ease and clearing guarantees of standard listed options.

INDEX FLEX						EQUITY FLEX
	Please note: The Exchange may approve and open for trading any FLEX options series on any index that is eligible for Non-FLEX options trading in accordance with the Exchange's listing criteria, even if there are no Non-FLEX options on such index listed on the Exchange. These include, but are not limited to, the following:					Please note: The Exchange may approve and open for trading any FLEX options series on any equity, ETF or ETN that is eligible for Non-FLEX options trading in accordance with the Exchange's listing criteria, even if there are no Non-FLEX options on such security listed on the Exchange.
CONTRACT	S&P 500[®]	S&P 100[®]	DJIA[®]	RUSSELL 2000[®]	NASDAQ 100[®]	More than 2,800 equities, ETFs and ETNs are eligible for Equity FLEX trading
SYMBOLS	SPXSM	OEX[®]	DJX	RUT	NDXSM	Visit www.cboe.com for a current list of symbols
TICKER EXERCISE SETTLEMENT VALUE	OPEN (SET) CLOSE (SPX)	OPEN (OET) CLOSE (OEX)	OPEN (DJS) CLOSE (DJX)	OPEN (RLS) CLOSE (RUT)	OPEN (NDS) CLOSE (NDX)	
EXPIRATION DATE	Up to 15 years from the trade date					Up to 15 years from the trade date
OPTION TYPE	Put or Call					Put or Call
EXERCISE STYLE	American or European					American or European
STRIKE PRICE	Index value, percent of index value or other methods					A dollar amount, percent of stock price or other methods
PREMIUM	Percentage of the level of the underlying index or specific dollar amount per contract or contingent on specified factors in other related markets					A dollar amount or percentage of the stock
TRADING HOURS	8:30 a.m. to 3:15 p.m. Chicago Time					8:30 a.m. to 3:00 p.m. Chicago Time
POSITION LIMITS	Please refer to CBOE Rules 24A.7 and 24B.7 for complete information regarding Index FLEX position limits					Please refer to CBOE Rules 24A.7 and 24B.7 for complete information regarding Equity FLEX position limits
EXERCISE SETTLEMENT	All Index Flex options are cash-settled (U.S. \$)					Exercises result in delivery of stock
SETTLEMENT TYPE	All Index Flex options are either AM or PM settled, subject to certain conditions described in the rules. Please refer to CBOE Rules 24A.4 and 24B.4 for complete information regarding settlement types					All Equity Flex options are PM settled

CONTACT

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FOR API SPECIFIC QUESTIONS

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(312) 786-7300

Options involve risk and are not suitable for all investors. Prior to buying or selling an option, a person must receive a copy of Characteristics and Risks of Standardized Options. Copies are available from your broker, by calling 1-888-OPTIONS, or from The Options Clearing Corporation, One North Wacker Drive, Suite 500, Chicago, Illinois 60606 or at www.theocc.com. CBOE®, Chicago Board Options Exchange®, CBOEdirect®, CFLEX®, FLEX®, FLEXible EXchange®, and OEX® are registered trademarks and SPX is a service mark of Chicago Board Options Exchange, Incorporated (CBOE). All other trademarks and servicemarks are the property of their respective owners.