

CBOE Information Circular IC12-093 C2 Information Circular IC12-015

Date: November 9, 2012

To: CBOE and C2 Trading Permit Holders

From: Trading Operations

RE: Expansion of Short Term Option Series Program (Weekly Options)

Chicago Board Options Exchange, Incorporated (CBOE) and C2 Options Exchange, Incorporated (C2) recently amended their Short Term Option Series Programs (Weekly Options).¹ A copy of the rule filing making the changes described in this circular is available at: <http://www.cboe.com/publish/RuleFilingsSEC/SR-CBOE-2012-110.pdf> The Weekly Options Programs were expanded in the following ways:

Five Consecutive Weekly Options are Permitted

- CBOE and C2 may now open up to five (5) consecutive Weekly Option expirations for trading.
- CBOE and C2 intend to add a maximum of five (5) consecutive week expirations under the Weekly Option Programs; however, Weekly Options will not be added in the same week that a standard (monthly) option series expires, or in the case of quarterly expiration, e.g., Quarterly Option Series (QOS) or Quarterly Index Expirations (QIX), on an expiration that coincides with the expiration of a QOS or QIX on the same class.

For example, if quarterly options expire week 1 and monthly options expire week 3 from now, the proposal would allow the following expirations: week 1 quarterly option, week 2 Weekly Option, week 3 monthly option, week 4 Weekly Option, and week 5 Weekly Option. If quarterly options expire week 3 and monthly options expire week 5, the following expirations would be allowed: week 1 Weekly Option, week 2 Weekly Option, week 3 quarterly option, week 4 Weekly Option, and week 5 monthly option.

¹ Weekly Options have a contract duration of approximately one week and are typically listed on Thursday to expire on the Friday of the following business week. Settlement is the same as standard options on the same underlying, e.g., ETF and equity option series are p.m.-settled, a.m.-settled broad-based index options are a.m.-settled. See CBOE Information Circular 10-174 for a detailed description of "Weeklys" nomenclature, which is available at: <https://www.cboe.org/publish/InfoCir/IC10-174.pdf> (noting Item 3 to CBOE Information Circular 10-174 is no longer applicable because Weekly Options on VIX futures have been delisted).

CBOE maintains a micro site for Weekly Options at: <http://www.cboe.com/micro/weeklys/introduction.aspx>.

Additional Series Per Class in Limited Circumstances

- Rules 5.5(d)(1) and 24.9(a)(2)(A)(i) permit thirty (30) Weekly Option series per class for each expiration.²
- CBOE and C2 may open series in excess of thirty (30) under limited circumstances where there are no series at least 10% but not more than 30% away from the current price/value of the underlying security/index.

Delisting Plan

- CBOE and C2 adopted a modest delisting plan that permits the delisting of Weekly Option series with no open interest in both the call and the put series having a:
 - (i) strike higher than the highest price with open interest in the put and/or call series for a given expiration week; and
 - (ii) strike lower than the lowest strike price with open interest in the put and/or the call series for a given expiration week, so as to list series that are at least 10% but not more than 30% above or below the current price or value of the underlying security or index.

Refer to CBOE and C2 Rules for Additional Detail

This circular is not intended to provide a comprehensive description of the Weekly Options Programs. CBOE and C2 Trading Permit Holders should refer to Rules 5.5(d) and 24.9(a)(2)(A) for additional detail regarding the Weekly Options Programs.

Additional Information:

Please contact Omarr Woodhouse at woodhous@cboe.com and (312) 786-8047 or Jenny Klebes-Golding at golding@cboe.com and (312) 786-7466 for additional information.

² Chapters 5 and 24 to the C2 Rulebook provide that the rules contained in CBOE Chapter V and XXIV shall apply to C2 and that C2 participants shall comply with CBOE Rule Chapters V and XXIV as if such rules were part of the C2 Rules.