

## Information Circular IC13-003

**Date:** January 7, 2013

**To:** Trading Permit Holders

**From:** CBSX

**RE:** Limit Up/Limit Down - Frequently Asked Questions

---

### Overview

On May 31, 2012, the Securities and Exchange Commission ("SEC") approved on a pilot basis a National Market System Plan, also known as Limit Up/Limit Down ("LULD"), to address extraordinary market volatility. The plan is expected to be implemented in phases, with Phase 1 compliance date of February 4, 2013. Upper and Lower Price Bands will be calculated based on a continuously updated Reference Price and disseminated market-wide by the consolidated ("SIP") feeds with trading outside the bands, and quoting through the opposite-side band prohibited. During the Phase 1, LULD will only be in effect from 9:45 AM ET to 3:30 PM ET for select securities.

For more details about LULD, please click the following link:

<http://www.sec.gov/rules/sro/nms/2012/34-67091.pdf>

### How will CBSX handle orders priced aggressively through a Price Band?

Incoming limit orders to buy or sell will be re-priced to the upper or lower band price, respectively; however, orders will only be allowed to execute against resident liquidity priced at or within the LULD Price Bands.

Market orders to buy or sell will aggress up or down to the Price Bands, respectively. Any open balance that would trade at prices through the opposite-side of the Price Bands will be automatically cancelled.

### How will CBSX handle quotes priced aggressively through a Price Band?

Incoming quotes that cross the upper or lower band will be cancelled. Quotes will only be allowed to execute against resident liquidity priced at or within the LULD Price Bands.

### How will CBSX handle resting orders or quotes, once they become priced aggressively through a Price Band?

Any resting limit order or quote to buy or sell resident on the CBSX book, at the time a LULD Price Band is disseminated, which would cross such Price Band, will be re-priced to the upper or lower band price (opposite-side band).

### How will CBSX handle limit orders and quotes priced passively outside the Price Bands?

CBSX will accept all buy and sell orders priced below and above the LULD Price Bands, and disseminate those prices publically. However, since those prices are not eligible for execution, the SIP will mark such quotes as non-executable. If the Price Bands move, such that the order or quote is now at or within the Price Bands, then the order will automatically become executable.

**Contact Information**

CBSX contact

Jonathan Lewan, 866.458.2279

[cbsxhelpdesk@cboe.com](mailto:cbsxhelpdesk@cboe.com)