Regulatory Circular RG12-132

DATE: September 28, 2012

TO: Trading Permit Holders

FROM: Regulatory Services Division

RE: Pilot Program Eliminating Position and Exercise Limits for SPY Options

Chicago Board Options Exchange, Incorporated (CBOE) recently amended Rules 4.11 and 4.12 to establish a pilot program that eliminates position and exercise limits for physically-settled options on the SPDR S&P 500 ETF Trust (SPY). The pilot program commenced on September 27, 2012 and is set to expire on November 27, 2013.

This circular is being issued to make Trading Permit Holders (TPHs) aware that while CBOE's rules are operative, under the position and exercise limit rules of some other option exchanges and FINRA, the position and exercise limits for SPY options remain at 900,000 contracts**. CBOE TPHs are cautioned that if they are members of FINRA, or of another exchange that still has the 900,000 contract limit for SPY options, they may need to continue to adhere to that limit until such time that all self regulatory organizations of which they are a member have amended their rules.**

Position Reporting Requirements Remain In Effect

The position reporting requirements of CBOE Rule 4.13 will continue to apply to SPY options.

Per Rule 4.13(a), each TPH shall report to CBOE, the name, address, and social security or tax identification number of any customer who, acting alone, or in concert with others, on the previous business day maintained aggregate long or short positions on the same side of the market of **200** or more contracts of any single class of option contracts dealt in on CBOE. The report shall indicate for each such class of options, the number of option contracts comprising each such position and, in the case of short positions, whether covered or uncovered.

Per Rule 4.13(b) each TPH (other than a CBOE market-maker or DPM) that maintains a position in excess of **10,000** non-FLEX equity option contracts on the same side of the market on behalf of its own account or for the account of a customer, shall report information as to whether such positions are hedged, and provide documentation as to how such contracts are hedged.

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Questions regarding this Regulatory Circular should be directed CBOE's Regulatory Interpretations and Guidance team at (312) 786-8141 or reginterps@cboe.com.

(Replaces CBOE Regulatory Circular RG11-089)