Research Circular #RS12-528

DATE: October 11, 2012
TO: Permit Holders
FROM: Scott Speer

RE: **Somaxon Pharmaceuticals, Inc. ("SOMX")**
1-for-8 Reverse Common Share Split
Ex-Distribution Date: October 12, 2012

Somaxon Pharmaceuticals, Inc. ("SOMX") has announced, a 1-for-8 reverse common share split, in which each outstanding common share of SOMX will automatically be converted into one-eighth (**0.125**) of a common share of "New" SOMX. **The ex-date for the reverse common share split will be Friday, October 12, 2012.**

Contract Adjustment

Pursuant to OCC rules (Article VI, Section 11 and 11A), all outstanding SOMX option series as of Friday, October 12, 2012, at 8:30 A.M. Chicago time will be adjusted to reflect this 1-for-8 reverse common share split. All SOMX options will be adjusted to require the receipt or delivery of: **(A) 12 common shares of "New" Somaxon Pharmaceuticals, Inc. ("SOMX"); plus (B) cash in lieu of 0.5 fractional common share of "New" SOMX.** The contract multiplier will remain 100, *i.e.,* 1 point of premium or strike price will equal $100. Strike prices will remain the same. The option symbol will change to **SOMX1.** Premiums for the adjusted SOMX1 options will continue to be calculated on the basis of a multiplier of 100, i.e., for premium and strike-price extensions, 1.00 will equal $100. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

The option adjustment will appear in the Daily Position Report of the clearing member firms on the ex-date. After 8:30 A.M. Friday, October 12, 2012, all trades, corrections, and exercises must be submitted to the CBOE and OCC on an adjusted basis.

Adjusted Exercise Prices

On Friday, October 12, 2012, the ex-distribution date, trading in SOMX series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:

EXISTING SERIES					ADJUSTED SERIES*			
SOMX	1.00	2012-10-20	C/P	=>	SOMX1	1.00	2012-10-20	C/P
SOMX	2.00	2012-10-20	C/P	=>	SOMX1	2.00	2012-10-20	C/P
SOMX	1.00	2012-11-17	C/P	=>	SOMX1	1.00	2012-11-17	C/P
SOMX	2.00	2012-11-17	C/P	=>	SOMX1	2.00	2012-11-17	C/P
SOMX	3.00	2012-11-17	C/P	=>	SOMX1	3.00	2012-11-17	C/P
SOMX	1.00	2013-01-19	C/P	=>	SOMX1	1.00	2013-01-19	C/P
SOMX	2.50	2013-01-19	C/P	=>	SOMX1	2.50	2013-01-19	C/P
SOMX	5.00	2013-01-19	C/P	=>	SOMX1	5.00	2013-01-19	C/P
SOMX	7.50	2013-01-19	C/P	=>	SOMX1	7.50	2013-01-19	C/P
SOMX	1.00	2013-02-16	C/P	=>	SOMX1	1.00	2013-02-16	C/P

EXISTING SERIES					ADJUSTED SERIES*			
SOMX	2.00	2013-02-16	C/P	=>	SOMX1	2.00	2013-02-16	C/P
SOMX	1.00	2013-05-18	C/P	=>	SOMX1	1.00	2013-05-18	C/P
SOMX	2.00	2013-05-18	C/P	=>	SOMX1	2.00	2013-05-18	C/P

*** Any additional SOMX series that are added prior to the effective time of the Reverse Split will also be adjusted in the manner described above.**

Settlement

The OCC will delay settlement of SOMX1 exercise and assignment activity until the determination of the cash-in-lieu amount for the 0.5 fractional common share of "New" SOMX.

GTC Order Conversion

On Thursday, October 11, 2012, immediately after the CBOE close, the system will convert or cancel all resting orders in the SOMX order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustments. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

Immediately after the close, the book staff will return a final written report listing the orders that are converted or canceled to all firms. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

Position and Exercise Limits

The CBOE Department of Market Regulation has determined that: "The position and exercise limits will remain the same."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

http://www.cboe.com/ContractAdjustments