CBOE EXECUTE SUCCESS℠

EXCHANGE BULLETIN

January 4, 2013 Volume 41, Number 01

The Bylaws and Rules of Chicago Board Options Exchange, Incorporated ("Exchange"), in certain specific instances, require the Exchange to provide notice to Exchange Trading Permit Holders. To satisfy this requirement, a copy of the Exchange Bulletin, including the Regulatory Bulletin, is delivered by e-mail or by hard copy free of charge to all effective Trading Permit Holders on a weekly basis.

Trading Permit Holders are encouraged to receive the Exchange and Regulatory Bulletin and Information Circulars via e-mail. E-mail subscriptions may be obtained by Trading Permit Holders by submitting your name, firm if applicable, e-mail address, and phone number, to registration@cboe.com. If you do sign up for e-mail delivery, please remember to inform the Registration Services Department of e-mail address changes. Subscriptions by Trading Permit Holders for hard copy delivery may be obtained by submitting your name, firm if any, mailing address and telephone number to: Chicago Board Options Exchange, Registration Services Department, 400 South LaSalle, Chicago, Illinois 60605, Attention: Bulletin Subscriptions.

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Trading Permit Information for 12/27/2012 through 1/2/2013

TERMINATIONS

Individuals

Nominee:	Termination Date
Michael Desrosiers (DZY) Belvedere Trading LLC	12/28/12
Scott A Adams (SXA) AB Financial LLC	12/31/12
Jeremy T. Nau (NAU) AB Financial LLC	12/31/12
Elizabeth P. Carity (BUF) Geneva Trading LLC	12/31/12
Benjamin E Parker (BP) **Lakeshore Securities LP**	1/2/13
Ryan P. Lang (LNR) **Ronin Capital LLC**	1/2/13
Robert A. Beinish MOG Capital LLC	1/2/13
John E Smollen (JSM) QNC Execution Services LLC	1/2/13
Robert C O'Mullan (BOM) **TradeLink LLC**	1/2/13
Raymond W Owens (RXO) TradeLink LLC	1/2/13

TERMINATIONS

Individuals

Nominee:	Termination Date
M Brian Owens (MBN) TradeLink LLC	1/2/13

TPH Organizations

AB Financial LLC	12/31/12
MOG Capital LLC	1/2/13
QNC Execution Services LLC	1/2/13

EFFECTIVE TRADING PERMIT HOLDERS

Individuals

Nominee:	Effective Date
Ted M Piotrowski (PIO) **Sumo Capital LLC** Type of Business to be Conducted: Market Maker	1/2/13
Jeremy T. Nau (NAU) **Belvedere Trading LLC** Type of Business to be Conducted: Market Maker	1/2/13

CHANGES IN STATUS/TRADING FUNCTION

Individuals

Thomas M Bennett 1/2/13
From: Nominee For Equitec Proprietary Markets LLC; Market Maker
To: Nominee For Akuna Securities LLC; Market Maker

TPH Organizations

Volant Liquidity, LLC 1/2/13
From: TPH Organization Associated with a Market Maker
To: TPH Organization Associated with a Market Maker/ Proprietary Trading Permit Holder

Research Circulars

The following Research Circulars were distributed between December 27, 2013 and January 3, 2013. If you wish to read the entire document, please refer to the CBOE website at www.cboe.com and click on the “Trading Tools” Tab. New listings and series information is also available in the Trading Tools section of the website. For questions regarding information discussed in a Research Circular, please call The Options Clearing Corporation at 1-888-OPTIONS.

Research Circular #RS12-759
December 21, 2012
Teavana Holdings, Inc. ("TEA") Merger COMPLETED
with Starbucks Corporation ("SBUX") – CASH Settlement

Research Circular #RS13-001
January 2, 2013
Boulder Brands, Inc. ("SMBL")
Stock and Option Symbol Change to ("BDBD")
Effective Date: January 3, 2013

Research Circular #RS13-003
January 2, 2013
GMX Resources Inc. ("GMXR")
1-for-13 Reverse Common Share Split
Ex-Distribution Date: January 4, 2013

Research Circular #RS13-004
January 2, 2013
Robbins & Myers, Inc. ("RBN") Proposed Merger
with National Oilwell Varco, Inc. ("NOV")

Research Circular #RS13-005
January 3, 2013
Granite Real Estate Inc. ("GRP")
Plan of Arrangement/Mandatory Exchange of Shares
Effective Date: January 4, 2013

Research Circular #RS13-006
January 3, 2013
Titanium Metals Corporation ("TIE")
Subsequent Tender Offer by ELIT Acquisition Sub Corp.

Research Circular #RS13-007
January 3, 2013
Complete Genomics, Inc. ("GNOM")
Tender Offer FURTHER EXTENDED by Beta Acquisition Corporation

Research Circular #RS13-008
January 3, 2013
Sunrise Senior Living, Inc. ("SRZ") Proposed Merger
with Health Care REIT, Inc. ("HCN")

CBOE EXECUTE SUCCESS℠

REGULATORY BULLETIN

January 4, 2013 Volume RB24, Number 1

The Bylaws and Rules of Chicago Board Options Exchange, Incorporated ("Exchange"), in certain specific instances, require the Exchange to provide notice to Trading Permit Holders. The weekly Regulatory Bulletin is delivered to all effective Trading Permit Holders to satisfy this requirement. Copyright © 2013 Chicago Board Options Exchange, Incorporated.

Regulatory Circulars

Regulatory Circular RG12-180

Date: December 28, 2012

To: Trading Permit Holders

From: Finance and Administration

RE: 2013 Fee Changes

Explanatory Note: The Exchange is reissuing the 2013 Fee Changes circular to reflect removal of the 10/10 Incentive Program for 2013. Otherwise, the content of the 2013 Fee Changes Circular remains unchanged. This circular replaces CBOE Regulatory Circular RG12-172.

This circular explains 2013 changes to the Fees Schedule for Chicago Board Options Exchange, Inc. (the "Exchange" or "CBOE").

Subject to rule filings with the Securities and Exchange Commission ("SEC"), the changes summarized below will be effective January 1, 2013.

Volume Incentive Program (VIP)

The Exchange will be introducing four changes to the VIP. First, the VIP tier structure will change from the current *Nominal* Contracts *Per Day* Thresholds (i.e. 250,000-375,000 CPD, etc.) to a *Relative* Contracts *Per Month* Threshold Structure (i.e. 2.25% - 3.50% of Total National Customer Multiply Listed Volume). Second, CBOE will be increasing the credit rate at the second VIP tier, from $0.05/contract to $0.07/contract, while reducing the credit rate at the fourth VIP tier from $0.20/contract to $0.18/contract. Third, CBOE will be lowering the effective volume threshold at which the second VIP tier begins, while adjusting the remaining tiers moderately. Finally, CBOE will introduce an additional VIP credit of $0.10/contract, on top of regular VIP credits, at every tier (including the $0.00/contract level), on each leg, for customer, complex multiply-listed options contracts, when executing electronically against a non-public

customer origin, including in the Complex Order Book (COB), Complex Order Auction (COA) and Automated Improvement Mechanism (AIM).

VIP will continue to offer credits only for customer, multiply-listed option volume executed electronically, but with the new relative structure, both the count and the credit for each Trading Permit Holder will be calculated using the following formula: a) TPH Total Customer, Multiply-Listed Electronic Option Volume per Month, divided by b) Total National Customer Multiply-Listed Option Volume.

Volume Incentive Program Table

Tiers	Percentage Thresholds of National Customer Multiply-Listed Monthly Volume	Rate
First	0.00% - 0.75%	$0.00
Second	Greater than 0.75% - 2.25%	$0.07
Third	Greater than 2.25% - 3.50%	$0.12
Fourth	Greater than 3.50% - 5.00%	$0.18
Fifth	Above 5.00%	$0.05

Example A: Trading Permit Holder A transmits and executes electronically 7,500,000 customer, multiply-listed options contracts in January 2013. In January 2013, 250,000,000 national customer multiply-listed options contracts were executed. Trading Permit Holder A's 7,500,000 contracts represent 3% of the total national customer multiply-listed options volume. Trading Permit Holder A receives a credit of $0.00 per contract on the first 1,875,000 contracts (0.75% x 250,000,000), a credit of $0.07 per contract on the next 3,750,000 contracts (2.25% - 0.75%= 1.5% x 250,000,000), or $262,500, and a credit of $0.12 per contract on the remaining 1,875,000 contracts, or $225,000, for a total credit of $487,500 or $0.065/contract.

Example B: Trading Permit Holder B transmits and executes electronically 2,000,000 customer, multiply-listed complex order options contracts in January 2013, all of which execute against non-public customer origin contra parties. In January 2013, 250,000,000 national customer multiply-listed options contracts were executed. Trading Permit Holder B's 2,000,000 contracts represent 0.80% of the total national customer multiply-listed options volume. Trading Permit Holder B receives a credit of $0.10 per contract, or $187,500, on the first 1,875,000 contracts, because of the complex order bonus, and a credit of $0.17 per contract, or $21,250, on the next 125,000 contracts ($0.07 per contract plus the $0.10/contract complex order VIP bonus) for a total credit of $208,750 or $0.104/contract.

Complex Order Surcharge

CBOE will assess a $0.10/contract surcharge, on top of regular transaction fees, for all origins except public customer, on each leg, when such origin executes electronically against a public customer, complex, multiply-listed options order, including in the Complex Order Book (COB), Complex Order Auction (COA) and Automated Improvement Mechanism (AIM). However, when a public customer, complex, multiply-listed option order trades electronically against individual leg markets, CBOE will not assess this surcharge to the individual leg markets.

VIX Customer ("C" Origin Code) Transaction Fees

Effective January 1, 2013, customer transaction fees for VIX contracts with premium less than $1.00 will be $0.25 per contract and customer transaction fees for VIX contracts with premium greater than or equal to $1.00 will be $0.45 per contract. In the case of complex orders, CBOE will apply the premium test to each individual leg.

Clearing Trading Permit Holder Proprietary VIX Sliding Scale

Currently Clearing Trading Permit Holders (F origin code at the Exchange) proprietary product (SPX, VIX and other volatility indexes, OEX and XEO) transaction fees for a billing month may be reduced provided the Firm attains certain monthly contract volume in multiply-listed products (at least 375,000 but less than 1,500,000 contracts in a month; or multiply listed contracts of 1,500,000 or greater per month). This is known as the CBOE Proprietary Products Sliding Scale for Clearing Trading Permit Holder Proprietary Orders (or the "Sliding Scale").

CBOE will introduce a Clearing Trading Permit Holder Proprietary VIX Sliding Scale ("VIX Sliding Scale"). The new VIX Sliding Scale will allow Clearing Trading Permit Holder Proprietary and Non-Trading Permit Holder Affiliates to reduce their transaction fees in VIX provided certain volume thresholds in VIX options are attained during a month. The VIX Sliding Scale will be as follows:

Tiers	VIX Option Contracts per Month	Rate
First	Contracts 1 – 250,000	$0.25
Second	Contracts 250,001 – 500,000	$0.15
Third	Contracts 500,001 – 750,000	$0.10
Fourth	Contracts 750,001 and above	$0.05

For purposes of calculating a Clearing Trading Permit Holder's total proprietary product transaction fees for a month, the Exchange will use the following methodology: If using the VIX Sliding Scale plus the Sliding Scale (minus VIX volume) results in lower total Clearing Trading Permit Holder transaction fees than just using the Sliding Scale, CBOE will apply the new VIX Sliding Scale plus the Sliding Scale, and deduct the VIX volume from the Sliding Scale. If using the VIX Sliding Scale plus the Sliding Scale (minus VIX Volume) results in higher Clearing Trading Transaction fees than just using the Sliding Scale, CBOE will apply only the Sliding Scale.

Example A: Clearing Trading Permit Holder A has qualifying multiply-listed volume of 450,000 contracts in January 2013. Clearing Trading Permit Holder A also has qualifying VIX volume of 850,000 contracts, qualifying SPX volume of 500,000 contracts. Clearing Trading Permit Holder A would thus be billed $154,500. The calculation would be as follows:

1) ***Clearing Trading Permit Holder A Proprietary Transaction Fees using Sliding Scale = $154,500***

or

2) ***Total Clearing Trading Permit Holder A Proprietary Transaction Fees = $220,000***
   Clearing Trading Permit Holder A VIX Transaction Fees using VIX Sliding Scale = $130,000

Clearing Trading Permit Holder A VIX Transaction Fees using Sliding Scale with VIX Options Volume Removed = $90,000

2013 Liquidity Provider ("LP") Sliding Scale For All Products Except SPX, SPXW, SRO, OEX, XEO, VIX or other volatility indexes

Effective January 1, 2013, a LP's rate per contract is reduced if certain volume thresholds are reached in a month. Contracts traded in all products except SPX, SPXW, SRO, OEX, XEO, VIX or other volatility indexes are eligible for the plan.

Tiers	Contracts per Month	Rate
First	Contracts 1 – 100,000	25 cents
Second	Contracts 100,001 – 2,000,000	17 cents
Third	Contracts 2,000,001 – 4,000,000	10 cents
Fourth	Contracts 4,000,001 – 6,000,000	5 cents
Fifth	Contracts 6,000,001 and above	3 cents

The Exchange is amending each of the tiers (for contract quantity and transaction fee per contract) in the LP Sliding Scale and reducing the number of tiers from six to five. Additionally, CBOE is eliminating the prepayment option for four tiers of the LP Sliding Scale and instead requiring only a prepayment of the first two tiers in order for an LP to proceed further down the LP Sliding Scale.

Prepayment Incentive: To be eligible to participate in the sliding scale above 2,000,000 contracts per month, a LP must prepay their entire fees for the first two tiers of the sliding scale for the entire year ($4,176,000). Pro-rated prepayments are accepted later in the year, as long as the payment is received at least five business days prior to the month in which the application of the discount is to begin. For LP's interested in participating in the sliding scale for all of 2013, prepayment election and wired payment must take place during the period January 1 through January 8, 2013.

SPX Surcharge Fees

The SPX Surcharge Fee increases from $0.10/contract to $0.13/contract and for SROs, from $0.20/contract to $0.26/contract. As is currently the case, the Surcharge Fee is assessed, in addition to any applicable transaction fees, on orders from any origin code except Customer ("C").

Note: As previously announced, CBOE intends to move options on SPXpm from C2 Options Exchange, Inc. to CBOE beginning in January 2013. At that time, the Surcharge Fee for SPXpm will also be $0.13/contract.

Clearing Trader Permit Holder Proprietary Transaction Fees ("F" Origin Code)

The Exchange is increasing transaction fees for electronic executions by Clearing Trader Permit Holder Proprietary in equity options, indexes, ETFs, ETNs and HOLDRs options (excluding SPX, SPXW, SRO, OEX, XEO, VIX and volatility indexes) from $0.20 to $0.25, except for executions within the CBOE's Automated Improvement Mechanism (AIM).

Joint Back-Office Orders ("J" Origin Code)

Joint Back-Office transaction fees as of January 1, 2013 will be as follows:

- Equity options, ETF, ETN and HOLDRs and all Index Products excluding SPX, SPXW, SRO, OEX, XEO, VIX and volatility indexes:

	Manual	Electronic	AIM Agency/ Primary	AIM Contra	QCC	CFLEX AIM
Per contract side……	$0.25	$0.30	$0.20	$0.05	$0.20	$0.30
Surcharge Fee-License Fees:						
DJX……..	$0.10					
MNX, NDX and RUT……	$0.15					

- SPX, SPXW, SRO, OEX, XEO, VIX and volatility indexes:

	SPX, SPXW	SRO	OEX, XEO,VIX and volatility indexes	Credit Default Options
Per contract side	$0.40	$0.80	$0.40	$0.85
Surcharge Fee-License Fees:				
SPX and SPXW	$0.13			
OEX, XEO, VIX and volatility indexes……	$0.10			
SRO……	$0.26			

Extra CMI CAS Server

For every fifteen Trading Permits that a TPH accessing CBOE Command via CMI holds, that TPH will receive one CAS Server. All TPHs will also receive one total backup CAS Server regardless of the number of Trading Permits that the TPH holds.

The Exchange will aggregate the Trading Permits from affiliated TPHs (TPHs with at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A) for purposes of determining the number of Trading Permits a TPH holds.

A TPH may acquire additional CMI CAS Servers, beyond their allocation allowance, for a fee of $10,000 per extra server per month.

Facility Fees

The Exchange is reducing all the fees per square foot for all Non-Standard Booth Rental Fees. Non-Standard Booth Rental Fee will be as follows:

Booth Size	Per Sq. Ft	Per Sq. Ft	Per Sq. Ft
Extra Large	$2.83	$2.75	$2.69
Large	$4.12	$4.00	$3.91
Medium	$4.89	$4.74	$4.65
Small	$7.72	$7.49	$7.33
Length of Lease	1 Year	2 Years (97%)	3 Years (95%)

Web CRD[SM] Fees

Web CRD[SM] fee changes are as follows (including the addition of electronic submission for fingerprint processing fees):

General Registration Fees:

FINRA Non-member Processing Fee	Increase from $85.00 to $100.00
FINRA Disclosure Processing Fee (U-4, U-5, Form BD and amendments	Increase from $95.00 to $110.00
FINRA Annual System Processing Fee Assessed only during Renewals	Increase from $30.00 to $45.00

Fingerprint Processing Fees:

Initial Submission	
Paper	Increase from $27.50 to $44.50
Electronic	$29.50
Second Submission	
Paper	Increase from $13.00 to $30.00
Electronic	$15.00
Third Submission	
Paper	Increase from $27.50 to 44.50
Electronic	$29.50
Other[(1)]	Increase from $13.00 to $30.00

[(1)] Submitted by Trading Permit Holders or TPH organizations on behalf of associated persons who have had their prints processed through a self-regulatory organization other than FINRA.

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CBOE Fees Schedule

http://www.cboe.com/publish/feeschedule/CBOEFeeSchedule.pdf

Additional Information:

Please direct VIP questions to Eric Frait at (312) 786-7747 or frait@cboe.com. Other questions may be directed to Don Patton at (312) 786-7026 or patton@cboe.com, Colleen Laughlin at (312) 786-8390 or laughlin@cboe.com, or John Mavindidze at (312) 786-7689 or mavindidze@cboe.com.

Regulatory Circular RG13-001

Date: January 2, 2013

To: Trading Permit Holders
From: Department of Market Regulation
RE: FOCUS Report (Form X-17A-5)
2012 Year-End Filing
Due MARCH 1, 2013

Every registered broker-dealer is required by SEC rule[1] to file FOCUS Report X-17A-5 and Schedule I for the calendar year ended December 31, 2012.

Every Trading Permit Holder registered with the SEC as a broker-dealer for whom the Exchange is the Designated Examining Authority, and who does not file FOCUS monthly, must file a FOCUS Report Part IIA (CBOE) **and** Schedule I for calendar year 2012 no later than **MARCH 1, 2013** with the Exchange's Department of Member Firm Regulation.

Please note that if you are a nominee of a broker-dealer and have an individual broker-dealer registration, two FOCUS filings must be made, one for your individual broker-dealer registration, and one for the firm. In addition, **this circular also applies to other individuals and entities who may not necessarily be actively trading but are still registered broker-dealers and for whom the CBOE is the Designated Examining Authority ("DEA").** That is, even if you did not execute any trades on the CBOE during calendar year 2011, if you have a broker-dealer registration with the SEC, you are still required to file FOCUS Report Form X-17A-5 Part IIA (CBOE) and Schedule I.

FOCUS Reports may be filed electronically using Winjammer, a web-based application. Part of the setup of this application involves the DEA (or DSRO for FCMs) adding broker-dealers and an initial security manager for the firm. The security manager will be the individual who will initially access the WinJammer site to add other users should you so desire, and set their access level. CBOE will compile the data and forward a computer file containing the data to the SEC.

If you do not yet have access to wjammer.com you will need to identify the security manager and provide the following information:

- Broker-Dealer Name
- Tax Identification Number
- Security Manager Name
- Phone Number
- Email Address

[1] SEC Rule 17a-10(a)

Once the information is received, CBOE will contact the security manager and provide details on how to add additional users and set their access level, as well as instructions on how to create and submit statements.

FOCUS Reports may no longer be filed using the former PC-based system. Paper filings are still acceptable. For technical questions related to the WinJammer system, please consult the instructions on the WinJammer website (www.wjammer.com).

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Filing Requirements:

Please Note:

In completing FOCUS Report Form X-17A-5 and Schedule I, it is very important that the following points be observed:

1. Your filing must be accurate. You may wish to consult your accountant for assistance in satisfying your filing obligations.

2. All entries should pertain to your business as a broker-dealer. You need not list assets, liabilities or revenue derived outside your broker-dealer activity.

3. Line 12 (Total Assets) on page one (1) must equal line 25 (Total Liabilities and Ownership Equity) on page two (2).

4. The form must be signed (unless filing electronically) and must contain your broker-dealer number (SEC file number).

5. Please be aware that it is your ultimate responsibility to file the FOCUS Report and Schedule I. Although your clearing firm may provide assistance with regard to completing the FOCUS Report, it is your responsibility to make sure your FOCUS Report and Schedule I are accurate and filed with the Department of Member Firm Regulation on or before **MARCH 1, 2013**.

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Fines for Late Filing:

In accordance with CBOE Rule 17.50(g)(2), any Trading Permit Holder who fails to file Form X-17A-5 and Schedule I for calendar year 2012 by **MARCH 1, 2013** will be subject to the following fines:

DAYS LATE	AMOUNT
1-30	$200
31-60	$400
61-90	$800

Filings that are 91+ days late will be referred to the Exchange's Business Conduct Committee and may result in formal disciplinary action.

Additional Information:
If you are unsure as to whether you are required to file or have any questions, please contact the Regulatory Interpretations and Guidance team at RegInterps@cboe.com or (312) 786-8141 for additional information.

Regulatory Circular RG13-002

Date: January 2, 2013

To: Trading Permit Holders
From: Department of Market Regulation
RE: Anti-Money Laundering ("AML") Compliance Program
Annual Requirements for:

- **first time filers, or**
- **previous filers whose AML procedures or designated AML compliance individual have changed since their last filing**

All Trading Permit Holders ("TPH"), including sole proprietors, who are registered broker-dealers are required to demonstrate compliance with the requirements of the USA PATRIOT Act.

This Regulatory Circular applies to TPH for which ALL of the following conditions are true:[1]

- your Designated Examining Authority ("DEA") is the CBOE;
- you have not filed AML documents with the CBOE **or** any part of your AML program has changed; and
- you are not required to file monthly FOCUS reports.[2]

Please note that this circular also applies to other individuals and entities who may not necessarily be actively trading <u>but are still registered broker-dealers</u> and for whom the CBOE is the Designated Examining Authority ("DEA").

ALL BROKER-DEALERS TO WHOM THIS CIRCULAR APPLIES ARE REQUIRED TO SUBMIT THE FOLLOWING:

- A copy of the broker-dealer's written supervisory procedures for its AML compliance program, signed by a member of senior management.
- Attestation identifying the broker-dealer's AML Compliance Officer.

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[1] If you previously filed AML documents with the Exchange, have made no changes to your AML procedures, and your designated AML Compliance Officer remains the same, please see Regulatory Circular RG13-003 for a description of your CBOE filing requirements.
[2] Monthly FOCUS filers are required to maintain complete AML documentation that will be reviewed as part of the annual routine examination program.

- Evidence of annual (or more frequent) AML training for all appropriate associated persons of the broker-dealer.
- A copy of an independent review letter identifying the results of the independent review conducted by an individual not involved with the broker-dealer's AML function.

This information must be submitted to the Department of Member Firm Regulation no later than **March 1, 2013**. Please do not submit your original documents. Broker-dealers have a books and records requirement to maintain copies of this information. Additionally, please be advised that all AML documentation is subject to regulatory review at any time.

The following pages contain additional information that may be helpful in fulfilling the above requirements.

Procedures

To accommodate CBOE TPHs that are non-clearing, do not conduct a non-member customer business, and do not receive customer funds or securities, the Regulatory Services Division (the "Division") created a small-firm AML compliance program template which is attached to this Circular. This template may suffice in complying with the written procedures requirement. However, every broker-dealer must decide, based on the type of business it is conducting, whether it must adopt more detailed procedures or whether the template will suffice.

Training

Training should be conducted at least annually and developed under the leadership of the AML Compliance Officer or senior management. Broker-dealers should document the content of the training and maintain a list of the participants. The broker-dealer may wish to have participants sign an attestation acknowledging that they have participated in the training and understand the firm's AML program. The attestation could contain language directing any questions to the firm's AML Compliance Officer. In addition, training should be updated as necessary to reflect new developments in the PATRIOT Act.

The Financial Industry Regulatory Authority website ("FINRA") (http://www.finra.org) has on-line training and guidance available which would be considered appropriate training for CBOE market makers that are non-clearing and do not conduct a non-member customer business.

Independent Review Letter

Broker-dealers must have an independent testing function to review and assess the adequacy of compliance with the firm's AML compliance program. In an effort to accommodate CBOE TPHs, the Division has included an example of an independent review letter that may be used as a guideline. This letter should be tailored to accommodate the individual broker-dealer's business situation.

Additional Information:

Please contact the Regulatory Interpretations and Guidance team at RegInterps@cboe.com or (312) 786-8141 for additional information.

Broker-Dealer Attestation for Non-Capital Computing Trading Permit Holders That Do Not Conduct a Public Customer Business and Do Not Receive Customer Funds or Customer Securities

Reminder: Broker-dealers that are not capital computing and therefore, not subject to an annual examination by the Department of Member Firm Regulation (the "Department"), are required to submit (i) a copy of the broker-dealer's written supervisory procedures for its AML Compliance Program, approved by a member of senior management, (ii) the completed broker-dealer AML attestation provided below, (iii) evidence of the AML training described in the attestation and (iv) a copy of the independent review letter issued to the broker-dealer, to the Department no later than **March 1, 2013** in order to demonstrate the broker-dealer's compliance with CBOE Rule 4.20 - Anti-Money Laundering Compliance Program.

Broker Dealer Number: 8 -_____

Broker Dealer Name: _____

Address: _____

_____

Daytime Phone: _____

Designated Anti-Money Laundering Compliance Officer:

Name: _____

Title: _____

Email: _____

Address: _____

_____

Phone: _____

Fax (If applicable): _____

Broker-Dealer Annual Training:

Attendees: _____ _____

_____ _____

_____ _____

The broker-dealer training was conducted on _____, 20___ and
date

was done _____. Some of the topics covered were
(internally/externally/via an internet website)

_____

_____.

* **The above identification of specific training and participants in such training is intended to be evidence of the training conducted on behalf of _____ .**

<u>Independent Review:</u>

The independent review of the broker-dealer AML program was conducted on

_____, 20___, by _____,
date name

of _____.
company name (internal or external)

* **Broker-Dealers are required to maintain written documentation of the Independent Review conducted.**

I _____, as _____, of
name title

_____, certify that the information listed
broker-dealer name

above is accurate.

TPH Signature: _____

Date _____

This document and the attached copy of the letter prepared by the independent reviewer of the AML program are to be maintained as evidence of the independent review.

Small Firm Template for Trading Permit Holders That Do Not Conduct a Public Customer Business and Do Not Receive Customer Funds or Customer Securities

_____

[Broker-Dealer Name]
Anti-Money Laundering (AML) Compliance Program Written Supervisory Procedures

1. Trading Permit Holder Policy

It is the policy of _____ [*Broker-Dealer Name*] to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets.

The Broker-Dealer is currently *engaged in the business of market-making in options / engaged in the business of market-making in options and commodities trading / a Lessor and not actively trading but maintaining its Broker-Dealer registration with the Securities and Exchange Commission ("SEC")*. It is not the policy of the broker-dealer to accept cash. The Broker-Dealer does not accept funds from individuals that do not have a disclosed ownership interest in the Broker-Dealer. Any fund transfers made are related to its Broker-Dealer activity in the normal course of business. The Broker-Dealer has ____ (*no/1/2/3*) outside bank accounts related to the broker-dealer business activity. (*either*) All funds transfers are effected through the Broker-Dealer's _____(*clearing firm account or either the TPH's clearing firm account or its outside bank account.)*

2. AML Compliance Officer Designation and Duties

_____[*Name*] is designated as the Anti-Money Laundering Program Compliance Officer, with full responsibility for the firm's AML program and is an Associated Person of the firm, and is qualified by experience, knowledge and training, The duties of the AML Compliance Officer will include monitoring AML compliance, overseeing communication and training for employees, and will also ensure that proper AML records are kept. When warranted, the AML Compliance Officer_____[*Add if appropriate: "in consultation with {Name or title}" OR "with the approval of {Name or title}"*] will ensure Suspicious Activity Reports (SARs) are filed with the Financial Crimes Enforcement Network (FinCEN).

3. Training Programs

We will develop ongoing employee training under the leadership of the AML Compliance Officer and senior management. Our training will occur at least annually. The training will be based on our firm's size, its customer base, and its resources.

We will maintain records to show the persons trained, the dates, and the subject matter of their training. We will review our operations to see if certain employees require specialized

additional training. These AML procedures will be updated to reflect any such specialized training.

4. Independent Testing of the AML Program

Independent testing must be conducted by a designated person with a working knowledge of applicable requirements under the Bank Secrecy Act and its implementing regulations.

Independent testing may not be conducted by a person who performs the functions being tested, the designated anti-money laundering compliance person, or a person who reports to either of these two individuals.

<u>If conducted by an outside party:</u>
The testing of our AML program will be performed by _____ _____[*Name and Title*], an independent third party.
OR

<u>If conducted by an employee internally:</u>
The testing of our AML program will be performed by _____ _____[*Names*]. To ensure that they remain independent, we will separate their functions from other AML activities by requiring that the independent reviewer report to someone other than the AML Officer.

<u>Evaluation and Reporting:</u>
AML testing will be completed at least bi-annually on a calendar year basis, as the Firm does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts. The testing will include at a minimum, a review of the Firm's procedures in correlation with its business activity, a review of any bank account deposit activity for a specific period of time, a review of the Broker-Dealer's fund transfer activity, both incoming and outgoing made through any clearing firm account or bank account for a specific period of time, a review of any Bank Secrecy Act ("BSA") forms required to be filed and a review of any Suspicious Activity Reports filed. After the testing is completed, the reviewer will report its findings to _____ [*Senior Management].* We will address each of the resulting recommendations.

5. Approval
I hereby attest that I do not conduct a non-member customer business and do not receive customer funds or customer securities. I have approved this AML program as reasonably designed to achieve and monitor ongoing compliance with the requirements of the USA PATRIOT Act and the implementing regulations under the BSA.

I understand and agree that should the nature and type of business conducted by the broker-dealer change, the broker-dealer will, make appropriate changes to its AML program.

AML Program Approval (Approved by Senior Management):

Signed: _____

Print Name: _____

Title: _____

Broker-Dealer Number: _____

Date: _____

Example of an Independent Review Letter

Date

Managing Member
Firm Name
Address
City, State, Zip

Attn: Managing Member of the Firm

Dear _____(Managing Member of the B/D)

Please be advised that I conducted an Independent Review of the Anti-Money Laundering ("AML") Program for _____(B/D Name) as of _____(date). I am of the opinion that the Broker-Dealer's AML program appears adequate given the nature and size of its business. Please be advised that my review noted no areas of concern.
_____(B/DName) is a_____(Sole-Prop/L.L.C./Corp.), with ____ (# of or no) employees. The firm does not conduct a non-member customer business. It is not the Broker-Dealer's policy to accept cash. The Broker-Dealer has no outside bank accounts related to its Broker-Dealer business and has no foreign bank or securities accounts. Any fund transfers related to the Broker-Dealer are processed through its clearing account.

Sincerely,

_____	_____
Name / Signature	Reviewer's Company Name
_____	_____
Title	Address / Phone

Regulatory Circular RG13-003

Date: January 2, 2013

To: Trading Permit Holders
From: Department of Market Regulation
RE: Anti-Money Laundering ("AML") Compliance Program
Annual Requirements for Previous Filers Meeting Certain Conditions

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All registered broker-dealers, including sole proprietors, are required to demonstrate compliance with the requirements of the USA PATRIOT Act.

This Regulatory Circular applies only to those CBOE Trading Permit Holders for which ALL of the following conditions are true:[1]

- Designated Examining Authority is the CBOE;
- not required to file monthly FOCUS reports;[2]
- have previously filed AML documents with the CBOE;
- your previous AML filing was complete;
- your AML program has not changed; and
- your Designated AML compliance individual has not changed.

All filers to whom this circular applies are required to submit the following:

- Evidence of annual (or more frequent) AML training for all appropriate persons.
- If required (please see footnote 3), a copy of the independent review letter identifying the results of the independent review conducted by an individual not involved with the broker-dealer's AML function.[3]

This information must be submitted to the Department of Member Firm Regulation no later than **March 1, 2013**. Please do not submit your original documents. Broker-dealers have a books and records requirement to maintain copies of this information. Additionally, please be advised that all AML documentation is subject to regulatory review at any time.[4]

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[1] If you have not previously filed AML documents with the Exchange, or you have made changes to your AML procedures, or your designated AML Compliance Officer has changed or your previous filing was incomplete, please see Regulatory Circular RG13-002 for a description of your CBOE filing requirements.
[2]Monthly filers are required to maintain complete AML documentation, which will be reviewed as part of the annual routine examination program.
[3]CBOE Rule 4.20 permits certain TPH broker-dealers to have the independent audit performed every two years on a calendar year basis, if the broker-dealer does not execute transactions for customers or otherwise hold customer accounts or act as an introducing broker with respect to customer accounts (e.g., engages solely in proprietary trading or conducts business only with other broker-dealers). The initial filing must be made in the first calendar year of registration with the Exchange.
[4] Please note: CBOE Rule 4.6 states in part, "no Trading Permit Holder, person associated with a Trading Permit Holder or applicant to be a Trading Permit Holder shall make any willful or material

Please note that this circular also applies to other individuals and entities who may not necessarily be actively trading <u>but are still registered broker-dealers</u> and for whom the CBOE is the Designated Examining Authority ("DEA").

The following information may be helpful in fulfilling the above requirements.

Annual Training

Training should be conducted at least annually and developed under the leadership of the AML Compliance Officer or senior management. Broker-dealers should document the content of the training and maintain a list of the participants. The broker-dealer may wish to have participants sign an attestation acknowledging that they have participated in the training and understand the firm's AML program. The attestation could contain language directing any questions to the firm's AML Compliance Officer. In addition, training should be updated as necessary to reflect new developments in the PATRIOT Act.

The Financial Industry Regulatory Authority website ("FINRA") (http://www.finra.org) has online training and guidance available which would be considered appropriate training for CBOE Market-Makers that are non-clearing and do not conduct business with the public.

Independent Review Letter

Broker-dealers must have an independent testing function to review and assess the adequacy of compliance with the firm's AML compliance program. In an effort to accommodate CBOE Trading Permit Holders, the Division has included an example of an independent review letter that may be used as a guideline. <u>This letter should be tailored to accommodate the individual broker-dealer's business situation.</u>

Additional Information:

Please contact the Regulatory Interpretations and Guidance team at RegInterps@cboe.com or (312) 786-8141 for additional information.

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misrepresentation, including a misstatement or false statement, or omission in any application, report or other communication to the Exchange …."

Regulatory Circular RG13-004

Date: January 2, 2013

To: Trading Permit Holders
From: Finance and Administration
RE: Liquidity Provider Transaction Fees Sliding Scale Prepayment Incentive Reminder

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2013 Liquidity Provider ("LP") Sliding Scale For All Products Except SPX, SPXW, SRO, OEX, XEO, VIX or other volatility indexes

As noted in Regulatory Circular RG12-172 dated December 11, 2012, CBOE is offering a modified LP transaction fee prepayment incentive program for 2013.

Effective January 1, 2013, a LP's rate per contract is reduced if certain volume thresholds are reached in a month. Contracts traded in all products except SPX, SPXW, SRO, OEX, XEO, VIX or other volatility indexes are eligible for the plan.

Tiers	Contracts per Month	Rate
First	Contracts 1 – 100,000	25 cents
Second	Contracts 100,001 – 2,000,000	17 cents
Third	Contracts 2,000,001 – 4,000,000	10 cents
Fourth	Contracts 4,000,001 – 6,000,000	5 cents
Fifth	Contracts 6,000,001 and above	3 cents

The Exchange amended each of the tiers (for contract quantity and transaction fee per contract) of the 2012 LP Sliding Scale and reduced the number of tiers from six to five. Additionally, CBOE eliminated the prepayment option for four tiers of the LP Sliding Scale and instead requires only a prepayment of the first two tiers in order for an LP to proceed further down the LP Sliding Scale.

Prepayment Incentive: To be eligible to participate in the sliding scale above 2,000,000 contracts per month, a LP must prepay their entire fees for the first two tiers of the sliding scale for the entire year ($4,176,000). Pro-rated prepayments are accepted later in the year, as long as the payment is received at least five business days prior to the month in which the application of the discount is to begin.

LP's interested in participating in the sliding scale for all of 2013 must wire payment during the period January 2 through January 8, 2013. Wire instructions can be obtained by contacting Don Patton at (312) 786-7026 or patton@cboe.com or John Mavindidze at (312) 786-7689 or mavindidze@cboe.com.

Regulatory Circular RG13-005

Date: January 3, 2013

To: Trading Permit Holders

From: Business Development Division

RE: All-Or-None (AON) Orders

Updates Regulatory Circulars RG12-097, RG12-116 and RG12-166

In Regulatory Circulars RG12-097 and RG12-116, CBOE announced that it would no longer accept All-or-None (AON) orders in any class of options traded on the Exchange (subject to certain limited exceptions). In Regulatory Circular RG12-166, the Exchange confirmed that AON orders are permitted to be received, represented and executed for any class in open outcry and the procedures for entering the open outcry AON order instructions.

This circular announces that CBOE plans to reactivate acceptance of simple and complex DAY and GTC orders with the AON contingency for electronic trading in early February 2013. The Exchange is issuing this circular in advance of the reactivation to provide Trading Permit Holders an opportunity to prepare for this change. The Exchange will issue a circular announcing the specific rollout schedule in advance of the reactivation.

Additional Information:

For information regarding message format specifications, please contact the API Group at 312-786-7300 or api@cboe.com.

Rule Changes

EFFECTIVE-ON-FILING RULE CHANGE(S)

The following rule filings were submitted to the Securities and Exchange Commission ("SEC") "effective on filing," and may have taken effect pursuant to Section 19(b)(3) of the Securities Exchange Act of 1934 (the "Act"). They will remain in effect barring further action by the SEC within 60 days after publication in the Federal Register. Below, any additions to rule text are underlined, and any deletions are [bracketed]. Copies are available on the CBOE public website at www.cboe.org/legal/effectivefiling.aspx.

SR-CBOE-2012-131 Strike Prices

On December 28, 2012, the Exchange filed Rule Change File No. SR-CBOE-2012-131, which filing proposes to amend CBOE Rule 5.5.04 by permitting CBOE to list additional series of stock and ETF options until the close of trading on the second business day prior to expiration in the event of unusual market conditions. Any questions regarding the rule change may be directed to Jenny Klebes-Golding, Legal Division, at 312-786-7466. The rule text is shown below and the rule filing is available at http://www.cboe.com/publish/RuleFilingsSEC/SR-CBOE-2012-131.pdf.

> **Rule 5.5. Series of Option Contracts Open for Trading**
> (a) – (e) No change.
> *…Interpretations and Policies:*
> .01 – .03 No change.
> .04 New series of options on an individual stock may be added until the beginning of the month in which the option contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add new series of options on an individual stock until [five] the close of trading on the second business day[s] prior to expiration.
> .05 - .21 No change.

SR-CBOE-2012-132 Fees Schedule

On December 28, 2012, the Exchange filed Rule Change File No. SR-CBOE-2012-132, which filing proposes to amend the CBOE Fees Schedule to increase the Exchange's Regulatory Fees. Specifically, the filing proposes to increase the "DPM's and Firm Designated Examining Authority Fee" from $0.50 per $1,000 of gross income to $0.60 per $1,000 of gross income. In addition, the filing proposes to increase the monthly minimum fee from $1,000 to $1,500 for clearing firms and from $275 to $400 for non-clearing firms. Any questions regarding the rule change may be directed to Megan Malone, Legal Division, at 312-786-7304. The rule filing is available at http://www.cboe.com/publish/RuleFilingsSEC/SR-CBOE-2012-132.pdf.

SR-CBOE-2012-133 CBSX Tied Cross Only Orders

On December 31, 2012, the Exchange filed Rule Change File No. SR-CBOE-2012-133, which filing proposes to codify in the CBSX Rules the availability of the "Tied Cross Only Order," a cross order type which is tied to a related derivative component and which meets the qualified contingent trade exemption. Any questions regarding the rule change may be directed to Corinne Klott, Legal Division, at 312-786-7793. The rule text is shown below and the rule filing is available at http://www.cboe.com/publish/RuleFilingsSEC/SR-CBOE-2012-133.pdf.

Rule 51.8 Types of Orders Handled

At the discretion of CBSX, and once the CBSX System is so enabled, any of the following types of orders may be accommodated on the CBSX System:

* * * * *

(u) *Tied Cross Only Order.* A Tied Cross Only Order is an order to trade the stock component of a qualified contingent trade which meets the qualified contingent trade exemption pursuant to Rule 611(d) of Regulation NMS under the Exchange Act. A Tied Cross Only Order may be executed without regard to the protected NBBO. The order may only be executed against a contra Tied Cross Only Order for the same size and price and may only be executed at prices at or within the CBSX BBO and, when at the CBSX BBO, consistent with the requirements of Rule 52.11.