CBOE EXECUTE SUCCESS℠

EXCHANGE BULLETIN

January 25, 2013 Volume 41, Number 04

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 1/17/2012 through 1/23/2013

TRADING PERMIT APPLICATIONS RECEIVED FOR WHICH BULLETIN PUBLICATION IS REQUIRED

Individual Applicants

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Matthew P. Kolbe
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TERMINATIONS

Individuals

Nominee:	Termination Date
Michael A Dalesandro (DRO) MNR Executions LLC	1/17/13

EFFECTIVE TRADING PERMIT HOLDERS

Individuals

Nominee:	Effective Date
Matthew J Schueneman (HLK) **MNR Executions LLC** Type of Business to be Conducted: Floor Broker	1/17/13
Daniel J. Walsh (DJW) **TradingBlock** Type of Business to be Conducted: Floor Broker	1/18/13
Ryan P. Lang (LNR) **Donovan, Schayer, & Massey Trading, LLC** Type of Business to be Conducted: Market Maker	1/22/13

Research Circulars

The following Research Circulars were distributed between January 18, 2013 and January 24, 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 #RS13-027
January 18, 2013
Liberty Media Corporation Series A ("LMCAD/LMCA")
Underlying Symbol Change to "LMCA"
Effective Date: January 22, 2013

Research Circular #RS13-030
January 23, 2013
Watson Pharmaceuticals, Inc. ("WPI")
Name, Stock and Option Symbol Change to
Actavis, Inc. ("ACT")
Effective Date: January 24, 2013

Research Circular #RS13-031
January 23, 2013
Complete Genomics, Inc. ("GNOM")
Tender Offer FURTHER EXTENDED by Beta Acquisition Corporation

Research Circular #RS13-032
January 24, 2013
Caribou Coffee Company, Inc. ("CBOU"):
Merger Completed -- Cash Settlement

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REGULATORY BULLETIN

January 25, 2013 Volume RB24, Number 4

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Regulatory Circulars

CBOE Regulatory Circular RG13-012
C2 Regulatory Circular RG13-003

Date: **January 18, 2013**

To: **Trading Permit Holders**

From: **Business Development Division**

RE: **Re-location of PM-Settled S&P 500 Index Options (SPXPM) From C2 to CBOE**

Pending regulatory approval, effective February 19, 2013, the trading venue for SPXPM options will be changed from C2 to CBOE. This change is designed to create an opportunity for increased access through CBOE's established broker network and marketplace to the PM-settled SPXPM product.

What's Changing?

The SPXPM options currently listed on C2 will be de-listed from C2 after the close of business on expiration Friday, February 15, 2013, and will be listed on CBOE on the Hybrid platform as of the start of trading on the next business day, Tuesday, February 19, 2013.[1] The trading symbol and underlying index for these options will continue to be SPXPM.

The trading symbol and underlying for existing CBOE SPX, SPXW and SPXQ options will remain unchanged and are not impacted by the re-location of SPXPM.

Order Cancellation

After the close of business on February 15, 2013, C2 will cancel all resting GTC orders in SPXPM. Trading Permit Holders may enter such orders on CBOE under trading symbol SPXPM on February 19, 2013.

Opening Rotation

- The Hybrid Opening System (HOS) will be used for opening rotations in SPXPM.

Order Handling

- Orders eligible for electronic and manual handling in SPXPM will include: DAY, GTC, Market, Limit, All-or-None, Market-On-Close, On-The-Open-Only, Immediate-Or-Cancel, Fill-Or-Kill, STP and STP-LMT. Additionally, Not Held and Discretionary orders may be entered for manual handling.

[1] CBOE and C2 will be closed on Monday, February 18, 2013 in observance of Presidents' Day.

- Reserve orders will not be permitted in SPXPM. The CBOE system will not reject such orders. Accordingly, users must take care not to send them to comply with the requirement to not enter such orders in SPXPM as this may cause a regulatory alert.
- Valid origin codes will be C (Public Customer); W (Professional Customer/Voluntary Professional); B (Broker/Dealer); F (Clearing Trading Permit Holder Proprietary); M (CBOE Market-Maker); N (Non-CBOE/Away Market-Maker); J (Joint Back Office); and L (Wholly-Owned Broker Subsidiary).
- Routing parameters will be set to maximize automated handling. TPHs interested in having their firm-specific parameters set differently must e-mail their request to the CBOE Help Desk at helpdesk@cboe.com.
- Additional order protections such as "drill-through" limits, limit price reasonability checks, and opening and intra-day "Exchange Prescribed Width" (OEPW and EPW) settings will be announced in separate circulars prior to February 19, 2013.
- FLEX Options on SPX with a PM-settlement will continue to trade under the symbol 4SPX.

Allocation Algorithm

- The allocation algorithm for regular SPXPM simple electronic and COB executions, other than those in AIM and COA (see below) will be price-time, with no customer priority or participation entitlements. Public customer book priority must still be observed for all open outcry trades.
- The allocation for COA executions will be in accordance with Rule 6.53C.

AIM (Automated Improvement Mechanism)

- AIM will be active for simple and complex SPXPM orders. Note that the Solicitation Auction Mechanism (SAM) will not be active.
- The auction timer will be 1000 milliseconds, except for simple Public Customer-to-Public Customer transactions, which will cross immediately. **IMPORTANT**: Unlike those for simple orders, complex Public Customer-to-Public Customer transactions will be exposed to an auction.
- For simple orders submitted into AIM, standard price increments (i.e., $0.05 under $3.00, and $0.10 above $3.00) will be required for all primary orders, match/contra orders and auction responses. Limits with smaller increments will be rejected.
- For complex orders submitted into AIM, the minimum price increment on all primary orders, match/contra orders and auction responses will be $0.05 for all price ranges. Limits with smaller increments will be rejected.
- Auction responses will be permitted from Market-Maker Permit Holders with an SPXPM class appointment and brokers acting as agent on behalf of orders resting at the BBO.
- The AIM matching algorithm will be price-time, with public customer priority and a 40% entitlement for the contra order, if on the final execution price.

Complex Orders

- The COA (Complex Order Auction) and COB (Complex Order Book) will be active for SPXPM orders with up to four legs, where the ratio of the quantity on the largest to smallest leg does not exceed 3-to-1.
- The minimum price increment for all complex orders and COA auction responses will be $0.05.
- COB will accept ALL order origins during pre-open, opening rotation and after opening rotation.
- COA will be active for all origins other than M and N.
- The COA timer will be set to 250 milliseconds.
- Orders resting in the COB after opening rotation will be eligible to initiate a "Re-COA" (see Regulatory Circular RG12-007 for more details on Re-COA).
- Multi-class complex orders between the SPXPM option class and SPX/SPXW/SPXQ option class will be eligible to route to PAR for handling in open outcry, but will not be eligible for COA or COB.

Market-Maker Class Appointments

- Market-Maker Permit Holders will be required to have an SPXPM class appointment to submit electronic quotes or auction responses in SPXPM options.
- **IMPORTANT**: An SPXPM class appointment will not permit a Market-Maker to trade in open outcry in SPX, SPXQ, or SPXW since all are part of the Hybrid 3.0 SPX class.
- Pursuant to current rules, Market-Maker Permit Holders with an SPX class appointment but no SPXPM class appointment, will be permitted to trade SPXPM in open outcry but will not be permitted to submit electronic quotes or auction responses in SPXPM options.
- The appointment cost for SPXPM will be 0.0 through February 28, 2013 and 1.0 beginning March 1, 2013, requiring a full CBOE Market Maker Trading Permit.
- There will be no Designated Primary Market-Makers (DPMs), Preferred Market-Makers (PMMs) or Lead Market-Makers (LMMs) in SPXPM.
- Please note that TPHs will be required to add the SPXPM appointment via the appointments website at https://appointments.cboe.com and may do so as early as 5:00 P.M. CT on Friday, February 15, 2013.
- The SPXPM Fee Schedule will be announced in a separate circular prior to February 19, 2013.

Electronic Quoting Obligations

- In accordance with CBOE Rule 8.7, Market-Makers with an SPXPM class appointment will be required to provide continuous electronic quotes in 60% of the non-adjusted options series that have a time to expiration of less than 9 months. Currently, “continuous” is defined as 99% of the time that Market-Makers are required to provide electronic quotes on a given trading day pursuant to Rule 1.1(ccc).
- The initial minimum requirement for electronic quotes will be ten (10) contracts.
- The maximum bid/ask differentials will be announced in a separate circular prior to February 19, 2013.

The grid below provides answers concerning Market-Maker appointments and activity.

Activity	MMs with SPX Appointment Only	MMs with SPXPM Appointment Only	MMs with Both SPX & SPXPM Appointments
Can MMs trade **SPX/SPXQ** in open outcry?	Yes	No	Yes
Can MMs quote **SPX/SPXQ** electronically?	N/A (only LMMs may submit electronic quotes)	No	N/A (only LMMs may submit electronic quotes)
Can MMs respond to **SPX/SPXQ** auctions?	Yes, if physically present in the trading crowd	No	Yes, if physically present in the trading crowd
Can MMs rest pre-open Book/COB orders in **SPX/SPXQ**?	Yes (OPG required)*	Yes (OPG required)*	Yes (OPG required)*
Can MMs rest intra-day Book/COB orders in **SPX/SPXQ**?	No	No	No
Can MMs trade intra-day against Book/COB orders in **SPX/SPXQ**?	Yes, if physically present in the trading crowd (IOC required)	No	Yes, if physically present in the trading crowd (IOC required)
Can MMs trade **SPXW** in open outcry?	Yes	No	Yes
Can MMs quote **SPXW** electronically?	Yes	No	Yes
Can MMs respond to **SPXW** auctions?	Yes	No	Yes
Can MMs rest pre-open Book orders in **SPXW**?	Yes*	Yes*	Yes*
Can MMs rest pre-open COB orders in **SPXW**?	Yes (OPG required)*	Yes (OPG required)*	Yes (OPG required)*
Can MMs rest intra-day Book orders in **SPXW**?	Yes*	Yes*	Yes*
Can MMs rest intra-day COB orders in **SPXW**?	No	No	No
Can MMs trade intra-day against Book orders in **SPXW**?	Yes*	Yes*	Yes*
Can MMs trade intra-day against COB orders in **SPXW**?	Yes (IOC required)*	Yes (IOC required)*	Yes (IOC required)*

Can MMs trade **SPXPM** in open outcry?	Yes	Yes	Yes
Can MMs quote **SPXPM** electronically?	No	Yes	Yes
Can MMs respond to **SPXPM** auctions?	No	Yes	Yes
Can MMs rest pre-open Book orders in **SPXPM**?	Yes*	Yes*	Yes*
Can MMs rest pre-open COB orders in **SPXPM**?	Yes*	Yes*	Yes*
Can MMs rest intra-day Book orders in **SPXPM**?	Yes*	Yes*	Yes*
Can MMs rest intra-day COB orders in **SPXPM**?	Yes*	Yes*	Yes*
Can MMs trade intra-day against Book orders in **SPXPM**?	Yes*	Yes*	Yes*
Can MMs trade intra-day against COB orders in **SPXPM**?	Yes*	Yes*	Yes*
Appointment Tier	1.0	1.0	2.0

***Available to all CBOE MMs

Additional Information:

Questions regarding the operational topics in this circular may be directed to:

- Anthony Montesano at 312-786-7365 or montesan@cboe.com or
- The CBOE Help Desk at 866-728-2263 or helpdesk@cboe.com.

Questions regarding appointment changes may be directed to:

- Allison Kile at 312-786-7210 or mqa@cboe.com

Questions regarding regulatory interpretations may be directed to:

- RegInterps at 312-786-8141 or reginterps@cboe.com

Regulatory Circular RG13-013
Date: January 23, 2013
To: Trading Permit Holders
From: Business Development Division
RE: All-Or-None (AON) Orders

Updates Regulatory Circular RG13-005

Beginning February 1, 2013, Chicago Board Options Exchange, Incorporated (CBOE) will re-activate acceptance of day orders and Good-Til-Cancel (GTC) orders with the All-Or-None (AON) contingency for electronic trading.

This functionality will be rolled out to one trade server, also referred to as a "Business Cluster" (BC), effective February 1, 2013, and to all remaining BCs by February 4, 2013. Please contact the CBOE Help Desk for additional information on the particular BC rollout schedule and list of classes traded on each BC.

Additional Information:

For information regarding message format specifications, please contact the API Group at 312-786-7300 or api@cboe.com. For information regarding the rollout schedule, please contact the CBOE Help Desk at helpdesk@cboe.com or (866) 728-2263.

Regulatory Circular RG13-014

Date: January 23, 2013

To: Trading Permit Holders
From: Business Development Division
RE: Market-Maker Orders Permitted To Rest In the Complex Order Book (COB)

Beginning February 1, 2013, CBOE will permit the Complex Order Book (COB) to accept resting orders for the accounts of CBOE TPH Market-Makers (origin code "M") and non-CBOE TPH Market-Makers (origin code "N," *i.e.*, market-makers or specialists on another options exchange) in all classes other than VIX, SPX, SPXQ, SPXW. Previously, M and N orders were not permitted to rest in COB. Instead, M and N orders were only permitted to participate in the opening process, requiring an "OPG" (on the Open only) contingency, or trade intra-day against resting COB orders, requiring an "IOC" (Immediate-Or-Cancel) contingency.

This functionality will be rolled out to one trade server, also referred to as a "Business Cluster" (BC), effective February 1, 2013 and to all remaining BCs effective February 4, 2013. Please contact the CBOE Help Desk for additional information on the particular BC rollout schedule and list of classes traded on each BC.

In SPX and SPXQ, non-customer orders are not permitted to rest in the COB. Such orders must contain an "OPG" or "IOC" contingency to participate in the opening process or trade intra-day against resting COB orders. Such orders that are entered without an "OPG" or "IOC" contingency will continue to be systematically blocked from the COB and will be automatically routed for manual handling.

IMPORTANT: In VIX and SPXW complex orders with origin code M or N, although not permitted to rest in the COB, will not be systematically blocked from resting in the COB. Accordingly, TPHs must enter M and N orders with an "OPG" or "IOC" contingency or route them directly to PAR to comply with the requirement to not rest such orders in COB.

Additional Information:
For a description of the current order origin codes, please refer to Regulatory Circulars RG12-057 and RG12-153. Please contact the CBOE Help Desk at helpdesk@cboe.com or (866) 728-2263 for additional information.

CBOE Regulatory Circular RG13-015
C2 Regulatory Circular RG13-004

DATE: January 23, 2013

To: **CBOE, C2 and CBSX Trading Permit Holders**
From: **Regulatory Services Division**
RE: **Consolidated Audit Trail: SROs Publish Announcement Regarding January 29, 2013 Pre-RFP Bidders Conference on CAT NMS Website**

The national securities exchanges and FINRA (collectively the SROs) together are hosting an event for interested parties that may wish to respond to the request for proposal (RFP) the SROs will be issuing related to the creation of a Consolidated Audit Trail (CAT) as required by SEC Rule 613. During this event, the SROs will discuss the Information for CAT Bidders document recently published on the **http://www.catnmsplan.com** website.

This event is for parties that are interested in responding to the RFP. The event will focus on the anticipated content and structure of the RFP that will be published in February 2013 including the technical, business and operational requirements that the SROs anticipate will be included in the RFP. The SROs will also discuss the information that must be provided by bidders in response to the RFP with respect to each requirement.

While this event is intended for interested bidders, non-bidders are welcome to listen on a conference line, but will not be able to ask questions over the phone. Please note that the event is closed to the media.

The event will be held on January 29, 2013 from 2:00 p.m. to 4:00 p.m. ET (1:00 p.m. to 3:00 p.m. CT) at the Digital Sandbox, 55 Broad Street, New York, NY 10004.

Both in-person attendance and phone participation require pre-registration. Please note that the deadline to register for in-person attendance is January 25, 2013. Registration for phone participants will be open until 1:30 p.m. ET (12:30 p.m. CT) January 29, 2013. To register for this event, please go to: **http://www.cvent.com/d/0cq4b3/4W**

Participants are encouraged to send questions to the SROs in advance of the event so that we can provide as much information as possible during the event. Please submit questions that you would like addressed to: **feedback@catnmsplan.com.**

Please note that future industry events are being planned to address other issues related to CAT. Please watch the **http://www.catnmsplan.com** website for announcements regarding these events.

Additional Information:

Any questions regarding this circular may be directed to the Regulatory Interpretations and Guidance team by telephone at (312) 786-8141 or by email at RegInterps@cboe.com.

Regulatory Circular RG13-016

Date: January 24, 2013

To: **Trading Permit Holders**
From: **Business Development**
RE: **Designation of Preferred Market-Maker**

This circular is being issued to clarify that under CBOE Rule 8.13 (Preferred Market-Maker Program), the Preferred Market-Maker (PMM) designation for purposes of both the Marketing Fee and PMM participation entitlement is designated by the Trading Permit Holder that is "transmitting" the order. In the case of both electronic and open outcry orders, this is the TPH that enters the order into CBOE Command.

Additional Information:

Please direct any questions to Alicia Goldberg at (312) 786-7585 or Goldberg@cboe.com.