Exchange Bulletin

August 10, 2012 Volume 40, Number 32

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 08/02/2012 THROUGH 08/08/2012

TERMINATIONS

Individuals

Nominees:	Termination Date
Kurt Stephen Robinson (KSR) TradeLink LLC	8/2/12
David S. Fleming (DVS) Timber Hill LLC	8/3/12
Richard B McCain Penson Financial Services Inc.	8/7/12

TPH Organizations

Penson Financial Services Inc.	8/7/12

EFFECTIVE TRADING PERMIT HOLDERS

Individuals

Nominees:	Effective Date
Jimmy Yee **Quantum Edge Derivatives Trading, LLC** Type of Business to be Conducted: Proprietary Trading Permit Holder	8/7/12

TPH Organizations

Quantum Edge Derivatives Trading, LLC Type of Business to be Conducted: Proprietary Trading Permit Holder	8/7/12

RESEARCH CIRCULARS

The following Research Circulars were distributed between August 6 and August 9, 2012. 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 #RS12-400
August 6, 2012
LeCroy Corporation ("LCRY") Merger COMPLETED
with Teledyne Technologies Incorporated ("TDY")

Research Circular #RS12-406
August 7, 2012
Collective Brands, Inc. ("PSS") Proposed Merger
with Wolverine World Wide, Inc.

Research Circular #RS12-407
August 7, 2012
K-V Pharmaceutical Company Class A ("KVPHA")
Stock and Option Symbol Change to "KVPHQ"
Effective Date: August 8, 2012

Research Circular #RS12-410
August 8, 2012
Extorre Gold Mines Limited ("XG") Proposed Plan of
Arrangement
with Yamana Gold, Inc. ("AUY")

Research Circular #RS12-411
August 8, 2012
Amylin Pharmaceuticals, Inc. ("AMLN"):
Merger Completed -- Cash Settlement

Research Circular #RS12-412
August 9, 2012
Changyou.com Limited ("CYOU")
CONTRACT ADJUSTMENT FOR SPECIAL CASH
DIVIDEND
Ex-Date: August 15, 2012

Research Circular #RS12-414
August 10, 2012
Brown-Forman Corporation Class B ("BF.B/BFB")
3-for-2 Stock Split
Ex-Distribution Date: August 13, 2012

Research Circular #RS12-413
August 9, 2012
Liberty Interactive Corporation ("LINTA")
Distribution of Shares of Liberty Ventures Series A
("LVNTA") and
Distribution of Rights ("LVNAR")
Effective Date: August 10, 2012

CBOE®

Regulatory Bulletin

August 10, 2012 Volume RB23, Number 32

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.
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REGULATORY CIRCULARS

Regulatory Circular RG12-108

To: Trading Permit Holders

From: DPM and Market-Maker Administration

Date: August 6, 2012

Re: Changes to Market-Makers' Continuous Quoting Obligations in Hybrid Classes

This circular updates RG12-107

Please note that on Friday August 3, 2012 the Exchange filed rule filing SR-CBOE-2012-077, which delays the implementation date of changes to continuous quoting obligations of Market-Makers, Designated Primary Market-Makers, Electronic Designated Primary Market-Makers, Preferred Market-Makers and Lead Market-Makers in Hybrid option classes proposed in rule filing SR-CBOE-2012-064. Therefore, these changes to Market-Makers' continuous quoting obligations in Hybrid classes will **not** become effective today Monday, August 6, 2012 as stated in RG12-107. A circular will be issued to announce a new implementation date for these changes.

For details on Market-Makers' current quoting obligations in Hybrid option classes, please review Rule 8.7 relating to Market-Makers, Rule 8.13 relating to PMMs, Rule 8.15A relating to LMMs, Rule 8.85 relating to DPMs, and Rule 8.93 relating to e-DPMs. All CBOE Rules are available on CBOE's website at http://www.cboe.com/Legal.

Please contact Allison Kile at (312) 786-7210 or kilea@cboe.com if there are any questions.

REGULATORY CIRCULAR RG12-109

DATE: **August 6, 2012**

TO: **Trading Permit Holders**

FROM: **Business Development Division**

RE: **Expansion of Automation for Stock-Option Strategy Orders**

Effective August 7, 2012, CBOE will rollout functionality to automate the handling of complex orders containing a stock leg through the use of the Complex Order Auction (COA), the Complex Order Book (COB), the Automated Improvement Mechanism (AIM), and the AIM AON Solicitation Auction Mechanism (SAM) in all equity option classes other than those that trade until 3:15 PM CT (see list below).

DIA	IWN	SVXY	VIXY	XLE	XLU
DJX	MDY	UNG	VXX	XLF	XLV
EEM	OEF	UVXY	VXZ	XLI	XLY
EFA	QQQ	VIIX	XHB	XLK	XME
IWM	SPY	VIXM	XLB	XLP	XRT

Functionality details are available in Regulatory Circular RG12-088.

IMPORTANT: CBOE order entry specifications permit orders to be designated to route directly to various CBOE destinations (i.e., PAR, OMT or the trade engine), bypassing certain routing parameters. Use of this designation to direct-route a stock-option strategy order to the trade engine is currently bypassing parameters that would otherwise restrict access to the automated processes for such orders in the above-mentioned classes which trade until 3:15 PM CT. Trading Permit Holders are advised not to use this designation to direct-route stock-option strategy orders to the trade engine in these classes so as not to inadvertently access automated functionality.

Questions regarding this circular may be directed to:

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

Regulatory Circular RG12-110

DATE: **August 7, 2012**

FROM: **Market Operations Department**

RE: **Restrictions on Transactions in K-V Pharmaceutical Company Class A ("KV.A")**

Effective August 7, 2012, NYSE will delist K-V Pharmaceutical Company Class A ("KV.A"). Trading in K-V Pharmaceutical Company Class A ("KV.A") will commence on the Other OTC market under the symbol KVPHA.

Trading on the CBOE in existing series of KVPHA options will be subject to the following restrictions. Only closing transactions may be affected in any series of KVPHA options except for (i) opening transactions by Market-Makers executed to accommodate closing transactions of other market participants and (ii) opening transactions by CBOE TPH organizations to facilitate the closing transactions of public customers executed as crosses pursuant to and in accordance with CBOE Rule 6.74(b) or (d).

The execution of opening transactions in KVPHA options, except as permitted above, and/or the misrepresentation as to whether an order is opening or closing, will constitute a violation of CBOE rules, and may result in disciplinary action. TPH organizations should ensure that they have appropriate procedures in place to prevent their customers from entering opening orders in this restricted option class. In addition, transactions in contravention of this restriction may be subject to nullification pursuant to Exchange Rule 6.25.

There are no restrictions in place with respect to the exercise of KVPHA options.

Any questions regarding this circular may be directed to Kerry Winters at (312) 786-7312 or the Regulatory Interpretations and Guidance team by telephone at (312) 786-8141 or by email at RegInterps@cboe.com.

CBOE restricted class memos can be accessed from CBOE.org at the following web address:
http://www.cboe.org/Restrictions

Regulatory Circular RG12-111
DATE: **August 7, 2012**
To: **Trading Permit Holders**
From: **Business Development Division**
RE: **SPX Range Options (SRO) – Systems Settings**

On August 28, 2012, CBOE plans to begin trading range options on the S&P 500 Index (SPX).

The Group1 DPM has been allocated the SPX Range Options product.

System settings and other details for SPX Range Options are as follows:

- Trading will take place on the Hybrid trading platform.
- Only call options will be listed (no puts).
- Trading will be in standard increments (.05 below 3.00, .10 above).
- Initial class appointment cost will be .001.
- Trades executed electronically will be allocated in pro-rata fashion with Public Customer priority and DPM Participation Entitlements. Trades executed in open outcry will be allocated pursuant to Rule 6.45B(b).

- Exchange Prescribed Widths (EPWs) and Opening Exchange Prescribed Widths (OEPWs) will follow standard settings, as described in Regulatory Circular RG12-095.
- All Order origins will be eligible for auto-ex.
- All Order origins will be eligible for booking.
- COB and COA will be available in $.01 price increments. For all other COB and COA eligibility parameters, please refer to Regulatory Circulars RG06-67 and RG06-73.
- AIM will be available in $.01 increments, however the Solicitation Auction Mechanism (SAM, also referred to as "AIM AON") will not be available.
- Preferred Market Maker trade allocation will not be available.
- The open outcry crossing entitlement will be 40% (after satisfying public customer orders) for facilitation and solicitation of eligible orders of 50 contracts or more. Please refer to Rule 6.74(d) for further details.

Questions regarding this circular may be directed to:

- CBOE Help Desk at (866)728-2263 or helpdesk@cboe.com

APPROVED RULE CHANGE(S)

The Securities and Exchange Commission ("SEC") has approved the following change(s) to Exchange rules pursuant to Section 19(b) of the Securities Exchange Act of 1934 (the "Act"). Below, any additions to rule text are underlined and any deletions are [bracketed]. Copies are available on the CBOE public website at www.cboe.com/legal/effectivefiling.aspx.
The effective date of the rule change is the date of approval unless otherwise noted.

SR-CBOE-2012-040 FLEX Options

On August 8, 2012, the SEC approved Rule Change File No. SR-CBOE-2012-040, which filing makes permanent CBOE's pilot program eliminating minimum value size requirements for FLEX Options. Any questions regarding the rule change may be directed to Jennifer Lamie, Legal Division, at 312-786-7576. The rule text is shown below and the rule filing is available at http://www.cboe.com/publish/RuleFilingsSEC/SR-CBOE-2012-040.pdf.

Rule 24A.4 - Terms of FLEX Options
RULE 24A.4. (a) *General*

* * * * *

(2) Every FLEX Request for Quotes and every FLEX Option contract shall contain one element, as designated by the parties to the contract, from each of the following contract term categories:

* * * * *

(iv) Expiration date (any business day specified as to day, month and year, not to exceed a maximum term of fifteen years, except that a FLEX Index Option that expires on any business day that falls on, or within two business days of, a third Friday-of-the-month expiration day for any Non-FLEX Option other than a QIX option) ("Expiration Friday"), may only have an exercise settlement value on the expiration date determined by reference to the reported level of the index as derived from the opening prices of the component securities ("a.m. settlement")); and

* * * * *

[(4) Every FLEX Request for Quotes and every responsive FLEX Quote, as applicable, must satisfy the following contract and transaction specifications:

(i) The maximum term shall be fifteen years.

(ii) The minimum value size for an opening transaction (other than FLEX Quotes responsive to a FLEX Request for Quotes) in any FLEX series in which there is no open interest at the time the Request for Quotes is submitted shall be:

(A) except as provided in Interpretation and Policy .01 below, for FLEX Equity Options, the lesser of 250 contracts or the number of contracts overlying $1 million in the underlying securities; and

(B) for FLEX Index Options, $10 million Underlying Equivalent Value;

(iii) The minimum value size for a transaction in any currently-opened FLEX series shall be:

(A) for FLEX Equity Options, the lesser of 100 contracts or the number of contracts overlying $1 million in the underlying securities in the case of opening transactions, and 25 contracts in the case of closing transactions; and

(B) for FLEX Index Options, $1 million Underlying Equivalent Value in the case of both opening and closing transactions; or

(C) in either case the remaining underlying size or Underlying Equivalent Value on a closing transaction, whichever is less; and

(iv) The minimum value size for FLEX Quotes responsive to a Request for Quotes shall be 25 contracts in the case of FLEX Equity Options, and $1 million Underlying Equivalent Value in the case of FLEX Index Options, or in either case the remaining underlying size or Underlying Equivalent Value on a closing transaction, whichever is less, provided, however, that FLEX

Appointed Market-Makers must provide a FLEX Quote in response to every Request for Quotes respecting a class of FLEX Options to which they are appointed and trading in open outcry. With respect to FLEX Index Appointed Market-Makers, such FLEX Quotes must be for at least $10 million Underlying Equivalent Value or the dollar amount indicated in the Request for Quote, whichever is less.]

* * * * *

. . . *Interpretations and Policies:*

.01 [FLEX Pilot Programs:

(a)] FLEX Index Option PM Settlements Pilot Program: Notwithstanding subparagraph (a)(2)(iv) above, for a pilot period ending the earlier of November 2, 2012 or the date on which the pilot program is approved on a permanent basis, a FLEX Index Option that expires on an Expiration Friday may have any exercise settlement value that is permissible pursuant to subparagraph (b)(3) above.

[(b) FLEX Option Minimum Value Sizes: Notwithstanding subparagraph (a)(4) above, for a pilot period ending the earlier of November 2, 2012 or the date on which the pilot program is approved on a permanent basis, there shall be no minimum value size requirements for FLEX Options.]

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Rule 24A.9 - FLEX Market-Maker Appointments and Obligations

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(b) A FLEX Appointed Market-Maker shall have an obligation to enter a FLEX Quote in response to any Request for Quotes on any FLEX Option of the class to which the Market-Maker is appointed. Except as provided in paragraph (c) of this Rule 24A.9, a FLEX Qualified Market-Maker may, but shall not be obligated to, enter a FLEX Quote in response to a Request for Quotes on a FLEX Equity Option of the class in which he is qualified. Every FLEX Quote entered by a FLEX Appointed Market-Maker or a FLEX Qualified Market-Maker [shall meet or exceed the minimum size parameters set forth in Rule 24A.4(a)(4)(iv) and] shall be entered within the indicated Request Response Time plus any applicable BBO Improvement Interval. Unless withdrawn or modified during the Request Response Time, such Quotes shall be considered firm for the duration of the Request Response Time and, in the event the Quote is the BBO, the BBO Improvement Interval.

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Rule 24B.4 - Terms of FLEX Options

RULE 24B.4. (a) General

* * * * *

(2) Every FLEX Request for Quotes, every FLEX Order and every FLEX Option contract shall contain one element, as designated by the parties to the contract, from each of the following contract term categories:

* * * * *

(iv) expiration date (any business day specified as to day, month and year, not to exceed a maximum term of fifteen years, except that a FLEX Index Option that expires on any business day that falls on, or within two business days of, a third Friday-of-the-month expiration day for any Non-FLEX Option other than a QIX option) ("Expiration Friday"), may only have an exercise settlement value on the expiration date determined by reference to the reported level of the index as derived from the opening prices of the component securities ("a.m. settlement")); and

* * * * *

[(5) Every FLEX Request for Quotes, every responsive FLEX Quote, every RFQ Order and every FLEX Order, as applicable, must satisfy the following contract and transaction specifications:

(i) The maximum term shall be fifteen years.

(ii) The minimum value size for an opening transaction resulting from an RFQ or from trading against the electronic book (other than FLEX Quotes responsive to a FLEX Request for Quotes and FLEX Orders submitted to rest in the electronic book) in any FLEX series in which there is no open interest at the time the Request for Quotes or FLEX Order, as applicable, is submitted shall be:

(A) except as provided in Interpretation and Policy .01 below, for FLEX Equity Options, the lesser of 250 contracts or the number of contracts overlying $1 million in the underlying securities; and

(B) for FLEX Index Options, $10 million Underlying Equivalent Value.

(iii) The minimum value size for a transaction in any currently-opened FLEX series resulting from an RFQ or from trading against the electronic book (other than FLEX Quotes responsive to a FLEX Request for Quotes and FLEX Orders submitted to rest in the electronic book) shall be:

(A) for FLEX Equity Options, the lesser of 100 contracts or the number of contracts overlying $1 million in the underlying securities in the case of opening transactions, and 25 contracts in the case of closing transactions; and

(B) for FLEX Index Options, $1 million Underlying Equivalent Value in the case of both opening and closing transactions; or

(C) in either case the remaining underlying size or Underlying Equivalent Value on a closing transaction, whichever is less.

(iv) The minimum value size for FLEX Quotes responsive to a FLEX Request for Quotes and FLEX Orders (undecremented size) submitted to rest in the electronic book shall be 25 contracts in the case of FLEX Equity Options, and $1 million Underlying Equivalent Value in the case of FLEX Index Options, or in either case the remaining underlying size or Underlying Equivalent Value on a closing transaction, whichever is less; provided, however, that FLEX Appointed Market-Makers must provide a FLEX Quote (A) in response to every open outcry Request for Quotes respecting a class of FLEX Options to which they are appointed and trading in open outcry and (B) for at least that percentage of electronic Request for Quotes as determined by the Exchange respecting a class of FLEX Options to which they are appointed, provided that such percentage shall not be less than 80%. With respect to FLEX Index Appointed Market-Makers, FLEX Quotes and FLEX Orders (undecremented size) must be for at least $10 million Underlying Equivalent Value or the dollar amount indicated in the Request for Quote (if applicable), whichever is less.]

* * * * *

. . . *Interpretations and Policies:*

.01 [FLEX Pilot Programs:

(a)] FLEX Index Option PM Settlements <u>Pilot Program</u>: Notwithstanding subparagraph (a)(2)(iv) above, for a pilot period ending the earlier of November 2, 2012 or the date on which the pilot program is approved on a permanent basis, a FLEX Index Option that expires on an Expiration Friday may have any exercise settlement value that is permissible pursuant to subparagraph (b)(3) above.

[(b) FLEX Option Minimum Value Sizes: Notwithstanding subparagraph (a)(5) above, for a pilot period ending the earlier of November 2, 2012 or the date on which the pilot program is approved on a permanent basis, there shall be no minimum value size requirements for FLEX Options.]

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Rule 24B.9 - FLEX Market-Maker Appointments and Obligations

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(c) A FLEX Appointed Market-Maker shall have an obligation to enter a FLEX Quote (i) in response to any open outcry Request for Quotes respecting a class of FLEX Options to which the FLEX Appointed Market-Maker is appointed and trading in open outcry<u>;</u> and (ii) in response to [that percentage of the electronic Requests For Quotes as provided in Rule 24B.4(a)(5)(iv)] <u>at least that percentage of electronic Request for Quotes as determined by the Exchange respecting a class of FLEX Options to which the FLEX Appointed Market-Maker is appointed, provided that such percentage shall not be less than 80%</u>. Except as provided in paragraph (d) of this Rule 24B.9, a FLEX Qualified Market-Maker may, but shall not be obligated to, enter a FLEX Quote in response to a Request for Quotes on a FLEX Option of the class in which the FLEX Qualified Market-Maker is qualified. Every FLEX Quote entered by a FLEX Appointed Market-Maker or a FLEX Qualified Market-Maker [shall meet or exceed the minimum size parameters set forth in Rule 24B.4(a)(5)(iv) and] shall be entered within the indicated RFQ Response Period plus any RFQ Reaction Period or BBO Improvement Interval, as applicable. Unless withdrawn during the RFQ Response

or Reaction Period, such FLEX Quotes submitted in response to an electronic RFQ shall be considered firm for the duration of the RFQ Response and Reaction Periods. Unless withdrawn or modified during the RFQ Response Period, such FLEX Quotes submitted in response to an open outcry RFQ shall be considered firm for the duration of the RFQ and, in the event the FLEX Quote is the BBO, the BBO Improvement Interval.

* * * * *

EFFECTIVE-ON-FILING RULE CHANGE(S)

The following rule filing(s) was submitted to the SEC "effective on filing," and may have taken effect pursuant to Section 19(b)(3) of the Act. The rule filing(s) 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-2012-077 Market-Maker Quoting Obligations

On August 3, 2012, the Exchange filed Rule Change File No. SR-CBOE-2012-077, which filing proposes to delay the implementation date of changes to Market-Makers' continuous quoting obligations (i) to reduce to 90% the percentage of time for which a Market-Maker is required to provide electronic quotes in an appointed option class on a given trading day and (ii) to increase to the lesser of 99% or 100% minus one call-put pair the percentage of series in each class in which PMMs, LMMs, DPMs, and e-DPMs must provide continuous electronic quotes, which were proposed in Rule Change File No. SR-CBOE-2012-064. The Exchange will announce the new implementation date by Regulatory Circular. Any questions regarding the rule change may be directed to Laura Dickman, Legal Division, at 312-786-7572. The rule filing is available at http://www.cboe.com/publish/RuleFilingsSEC/SR-CBOE-2012-077.pdf.

SR-CBOE-2012-078 Fees Schedule

On August 3, 2012, the Exchange filed Rule Change File No. SR-CBOE-2012-078, which filing proposes to amend the CBSX Fees Schedule to provide, upon request, an extra redundant 10-Gigabit Network Access Port to CBSX Traders who pay for one 10-Gigabit Network Access Port. The redundant port will serve as backup in case of an error with the first port. Any questions regarding the rule change may be directed to Jeff Dritz, Legal Division, at 312-786-7070. The rule filing is available http://www.cboe.com/publish/RuleFilingsSEC/SR-CBOE-2012-078.pdf.