



Exchange Bulletin

August 24, 2012 Volume 40, Number 34

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 8/16/2012 THROUGH 8/22/2012

TERMINATIONS

Individuals

Nominees:	Termination Date
Ruvim Y. Breydo Diffusion Markets LLC	8/20/12
Jefferson D. Offutt Cutler Group LP	8/21/12
Michael Dabrowski Cutler Group LP	8/21/12

EFFECTIVE TRADING PERMIT HOLDERS

Individuals

Nominees:	Effective Date
Stanton W. Todd (SJR) Sumo Capital LLC Type of Business to be Conducted: Market Maker	8/16/12
Benjamin R. Lemon (LMN) Citadel Securities LLC Type of Business to be Conducted: Market Maker	8/17/12
Brendan Cunningham (BCE) G-Bar Limited Partnership Type of Business to be Conducted: Market Maker	8/20/12

RESEARCH CIRCULARS

The following Research Circulars were distributed between August 17 and August 22, 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 #RS12-429
August 17, 2012
MModal Inc. ("MODL"):
Merger Completed -- Cash Settlement

Research Circular #RS12-431
August 21, 2012
Extorre Gold Mines Limited ("XG") Plan of Arrangement
EFFECTIVE
with Yamana Gold, Inc. ("AUY")

CBOE Research Circular #RS12-432
August 21, 2012
Allos Therapeutics, Inc. ("ALTH")
Tender Offer FURTHER EXTENDED by Sapphire
Acquisition Sub, Inc.

Research Circular #RS12-433
August 21, 2012
Plains All American Pipeline, L.P. ("PAA")
2-for-1 Common Unit Split
Ex-Distribution Date: October 2, 2012

Research Circular #RS12-435
August 22, 2012
Warner Chilcott plc Class A ("WCRX")
CONTRACT ADJUSTMENT FOR SPECIAL CASH
DIVIDEND
Ex-Date: August 29, 2012

Research Circular #RS12-434
August 22, 2012
LKQ Corporation ("LKQ")
2-for-1 Stock Split
Ex-Distribution Date: September 19, 2012



August 24, 2012

Regulatory Bulletin

Volume RB23, Number 34

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 RG12-116

DATE: August 23, 2012
TO: Trading Permit Holders
FROM: Business Development Division
RE: All-Or-None (AON) Orders

In Regulatory Circular RG12-097, CBOE announced that it will no longer accept All-Or-None (AON) orders in any class of options traded on the Exchange, as of September 2012. The Exchange is issuing this circular to remind Trading Permit Holders of the upcoming change and to identify the specific rollout schedule.

CBOE will rollout a system modification to prevent acceptance of single-leg and complex orders with an AON contingency. As the software modification is installed on each trade server, also referred to as a Business Cluster (BC), any new orders with an AON contingency received by CBOE in option classes traded on that BC will be rejected back to the submitter, and any resting good till cancel (GTC) AON orders from prior days will be cancelled by the Exchange. The software modification is expected to be rolled out to all BCs over three business days, beginning September 24, 2012.

Certain exceptions pertaining to paired orders submitted via the Automated Improvement Mechanism (AIM) and/or the Solicitation Auction Mechanism (SAM), also referred to as “AON AIM”, are described below.

AIM paired orders submitted wherein the primary order contains an AON contingency and “A:AIM” in the OPTIONAL DATA field will not be rejected as part of this modification. However, AIM paired orders submitted wherein the primary order contains an AON contingency and “A:AIR” in the OPTIONAL DATA field will be rejected.

SAM paired order formats require that an AON contingency be included on both the primary and match/contra orders. Such orders will not be rejected as part of this modification.

Questions regarding the specific rollout date for a particular option class and about this matter generally may be directed to the Help Desk at 866-728-2263 or helpdesk@cboe.com.

Regulatory Circular RG12-117

To: Trading Permit Holders and
Clearing Trading Permit Holders

From: Division of Regulatory Services

Date: August 23, 2012

Subject: Product Description, Margin and Net Capital Requirements
- S&P 500 Range Options (SRO)

KEY POINTS

- On August 28, 2012, Chicago Board Options Exchange, Incorporated (“CBOE” or “Exchange”) plans to commence trading of S&P 500 Index Range options. Range options will trade under the ticker symbol “SRO.”
- SRO options are cash-settled, European style and have a \$100 multiplier.
- Purchases of SRO options must be paid for in full. The initial and maintenance margin requirement for a short SRO option is \$1,000.00 (premium received may be applied).
- Net capital treatment for SRO options will be similar to SPX options. Net capital requirements are described in more detail below.

DISCUSSION

PRODUCT DESCRIPTION

On August 28, 2012, CBOE will introduce a new type of S&P 500 Index option known as S&P 500 Range Options (“SRO”). Range options are European-style, cash-settled options that have a positive payout if the settlement value of the S&P 500 Index falls within the specified interval – known as the “Range Length” - at expiration. Only SRO call options will be listed.

The Range Length of an SRO is divided into three segments; the “Low Range,” the “Middle Range” and the “High Range.” The maximum exercise settlement amount of an SRO will occur if the settlement value of the S&P 500 Index falls anywhere within the “Middle Range” at expiration. Within the “Low Range” or “High Range”, which equal the “Range Interval,” the exercise settlement amount will vary linearly between zero and the maximum payout, as further described below. If the settlement value falls outside of the Range Length, the exercise settlement amount will be zero.

The contract multiplier for SROs will be \$100, the Range Length will be 70 points, and the Range Interval will be 10 points. Thus, the maximum exercise settlement amount will be \$1,000, or \$100 times the Range Interval of 10 points. This maximum settlement amount will occur over a 50-point range of S&P 500 Index settlement values (i.e., the Middle Range). There will also be two 10-point ranges of S&P 500 Index settlement values, one below the Middle Range (the Low Range) and one above the Middle Range (the High Range), where the exercise settlement amount will vary from zero to \$1,000 moving up from the beginning of the Low Range to the beginning of the Middle Range, and will vary from \$1,000 to zero moving up from the end of the Middle Range to the end of the High Range.

The strike price of an SRO is the start point of its particular Range Length (e.g., 1380 for a 1380 – 1450). The following table shows the applicable Range Length, Low Range, Middle Range and High Range for a *hypothetical* sample of SRO option strike prices. Initially, SROs will be listed in strike price increments of 30 points covering a range of approximately +10%/-10% in the S&P 500 Index for 3 consecutive near-term expirations.

SRO Strike Price	Range Length	Low Range	Middle Range	High Range
1350	1350 - 1420	1350 -1360	1360 - 1410	1410 - 1420
1380	1380 - 1450	1380 - 1390	1390 - 1440	1440 - 1450
1410	1410 - 1480	1410 - 1420	1420 - 1470	1470 - 1480
1440	1440 - 1510	1440 - 1450	1450 - 1500	1500 - 1510
1470	1470 - 1540	1470 -1480	1480 - 1530	1530 - 1540

No position and exercise limits are in effect. Each member (other than a market-maker) or member organization that maintains an end of day aggregate position in excess of 100,000 contracts in SPX, SRO and Mini-SPX (10 Mini-SPX options equal 1 SPX full value contract) for its proprietary account or for the account of a customer, shall report certain information to the Department of Market Regulation.

Trading hours for SROs are 8:30 a.m. to 3:15 PM Central Time (Chicago time).

Questions regarding product specifications should be directed to John Hiatt, Research Department, at (312) 786–7779.

Detailed product specifications may be found on the CBOE website at the following URL:

www.cboe.com/SRO

CUSTOMER MARGIN REQUIREMENTS

Purchases of SRO options must be paid for in full.

The initial and maintenance margin requirement for a short SRO is \$1,000.00. The premium received may be applied.

Spreads involving SROs carried in a strategy-based margin account are not recognized for margin purposes.

A short SRO is permitted in a cash account provided that there is held in the account at the time the SRO is written, or there is received into the account promptly thereafter, either 1) cash or cash equivalents equal to \$1,000.00 or 2) an escrow agreement. An escrow agreement must meet the requirements of CBOE Rule 12.3(n)(2).

SRO options are eligible for portfolio margining. SROs will be placed in Product Group 9 (High Capitalization, Broad Based Indices). The portfolio margin requirement will be equal to the maximum potential loss over a range of market movements covering -8%/+6%. All positions are subject to a minimum charge of \$37.50 per contract, except that the minimum charge for long options will not exceed the market value. Spread offsets are recognized in a portfolio margin account. These requirements are Exchange minimums. House portfolio margin requirements may be greater.

OPTION MARKET-MAKER MARGIN REQUIREMENTS

Pursuant to CBOE Rule 12.3(f), SRO positions of an SRO options market-maker may be margined on a basis that is satisfactory to the market-maker and carrying broker-dealer.

SROs are not eligible for the CBOE / CME / OCC cross-margining program.

NET CAPITAL REQUIREMENTS

For risk-based haircuts, SROs will be placed in Product Group 9 (High Capitalization, Broad Based Indices).¹ The risk-based haircut will be equal to the maximum potential loss over a range of market movements covering -8%/+6% for options market-makers and -10%/+10% for all other broker-dealers. All positions are subject to a minimum charge of \$25 per contract, except that the minimum charge for long positions will not exceed the market value.

For those firms not utilizing risk-based haircuts, the haircut will be calculated pursuant to the alternative strategy based method of SEC Rule 15c3-1a.

Questions regarding margin or net capital requirements may be directed to the Regulatory Service Division's Regulatory Interpretations and Guidance team either by telephone at (312) 786-8141 or by e-mail at RegInterps@cboe.com.

¹ Risk-based haircuts may be applied pursuant to SEC Rule 15c3-1a (Appendix A).

RULE CHANGES

EFFECTIVE-ON-FILING RULE CHANGE(S)

The following rule filing(s) was 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”). 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-2012-080 Fees Schedule

On August 22, 2012, the Exchange filed Rule Change File No. SR-CBOE-2012-080, which filing proposes to amend the CBOE Fees Schedule to include charts that make it easier for market participants to determine which fees apply to different types of transactions. The proposed amendment does not include any substantive changes to fees. 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-2012-080.pdf>.
