Exchange Bulletin

September 14, 2012 Volume 40, Number 37

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.

Copyright © 2012 Chicago Board Options Exchange, Incorporated

TRADING PERMIT INFORMATION FOR 09/06/2012 THROUGH 09/12/2012

TRADING PERMIT APPLICATIONS RECEIVED FOR WHICH BULLETIN PUBLICATION IS REQUIRED

TPH Organization Applicants

Alphagen Capital LLC
Corey L. Fisher, Nominee
440 S. LaSalle St., Suite 3600
Chicago, IL 60605
Alphagen Capital Management LLC - Manager
Corey L. Fisher – Managing Member
Gary B. Patzik – Managing Member
Mark D. Wolfson – Managing Member

TERMINATIONS

Individuals

Nominee:	Termination Date
Daniel T Dismukes Cutler Group LP	9/11/12

EFFECTIVE TRADING PERMIT HOLDERS

Individuals

Nominees:	Effective Date
Robert B. Marcus (RBM) Bluefin Trading LLC Type of Business to be Conducted: Market Maker	9/10/12
Thomas S. Murray (MRY) CTC LLC Type of Business to be Conducted: Market Maker	9/12/12

RESEARCH CIRCULARS

The following Research Circulars were distributed between September 10 and September 14, 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 #RS12-458
September 10, 2012
Vector Group Ltd ("VGR")
5% Common Stock Dividend
Ex-Distribution Date: September 19, 2012

Research Circular #RS12-459
September 10, 2012
Nexen Inc. ("NXY") Proposed Plan of Arrangement
with CNOOC Limited

Research Circular #RS12-460
September 11, 2012
UPDATEPDATE***UPDATE***
Liberty Interactive Corporation ("LINTA & adj. LINT1")
Distribution of Shares of Liberty Ventures Series A
("LVNTA") and
Distribution of Rights ("LVNAR")
Effective Date: August 10, 2012

Research Circular #RS12-461
September 11, 2012
Digital Domain Media Group, Inc. ("DDMG")
Move and Begin Trading on the Other-OTC Market and
Stock Symbol and Option Symbol Change to
("DDMGQ")
Stock Symbol Change Effective Date: September 11,
2012
Option Symbol Change Effective Date: September 12,
2012

Research Circular #RS12-463
September 12, 2012
Logitech International ("LOGI")
CONTRACT ADJUSTMENT FOR SPECIAL CASH
DIVIDEND
Ex-Date: September 13, 2012

Research Circular #RS12-464
September 12, 2012
Sears Holdings Corporation ("SHLD & adj. SHLD1")
Rights Distribution
Ex-Rights: September 13, 2012

Research Circular #RS12-465
September 12, 2012
Motricity, Inc. ("MOTR")
Rights Distribution Revised
Effective Date: September 13, 2012

Research Circular #RS12-466
September 13, 2012
Brightpoint, Inc. ("CELL") Proposed Merger
with Ingram Micro Inc. ("IM")

CBOE Research Circular #RS12-468
September 14, 2012
***UPDATE - DETERMINATION OF EXACT
DISTRIBUTION RATIO***
Inergy, L.P. ("NRGY")
Distribution of Common Units of
Suburban Propane Partners, L.P. ("SPH")
Ex-Distribution Date: September 17, 2012

CBOE®

Regulatory Bulletin

September 14, 2012 Volume RB23, Number 37

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 © 2012 Chicago Board Options Exchange, Incorporated.

REGULATORY CIRCULARS

Regulatory Circular RG12-123

DATE: **September 11, 2012**

FROM: **Market Operations Department**

RE: **Restrictions on Transactions in Digital Domain Media Group**

Effective September 11, 2012, Digital Domain Media Group ("DDMG") was delisted from the NYSE. The option symbol will remain the same for one day and change to DDMGQ effective for Wednesday, September 12, 2012. Trading in DDMGQ will commence on the Other OTC market.

Trading on the CBOE in existing series of DDMGQ options will be subject to the following restrictions. Only closing transactions may be affected in any series of DDMGQ 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 DDMGQ 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 DDMGQ 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 RG12-124
To: Trading Permit Holders
From: Finance and Administration
Date: September 11, 2012
Re: VIX Customer Large Trade Discount for September 2012

Chicago Board Options Exchange, Inc. ("CBOE" or the "Exchange") has a customer large trade discount program in the form of a fee cap on customer transaction fees for VIX options under which regular customer transaction fees are only charged up to the first 10,000 contracts.

On August 1, 2012, subject to review by the Securities and Exchange Commission ("SEC"), the Exchange implemented an additional customer large trade discount for any executing Trading Permit Holder whose affiliate is the issuer of one or more securities that are based on or track the performance of the VIX index, and for which the combined total asset value is $1 billion or greater. For such Trading Permit Holders', regular customer VIX transaction fees are only charged up to the first 7,500 VIX options contracts per order in that month.

On September 6, 2012, the SEC suspended the additional customer large trade discount rule filing by CBOE.

Based on net asset values as of August 31, 2012, Barclays Capital, Inc., executing firm 255 (as well as 576 and 074), will be charged regular customer transaction fees only up to the first 7,500 VIX options contracts per order for transactions executed on September 4, 2012 and September 5, 2012.

Please direct any questions 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.

CBOE Regulatory Circular RG12-125
C2 Regulatory Circular C2 RG12-043

To: CBOE, C2 and CBSX Trading Permit Holders

From: Regulatory Services Division

Date: September 13, 2012

Re: Consolidated Audit Trail Industry Call

Consolidated Audit Trail Industry Call
September 19, 2012
4:15 p. m. ET

The national securities exchanges and FINRA (collectively the "SROs") together invite interested industry participants to join a conference call and WebEx presentation on Wednesday, September 19, 2012 at 4:15 p.m. ET regarding SEC Rule 613 requiring the creation of a Consolidated Audit Trail (CAT).

During this call, the SROs will provide an overview of Rule 613, the steps the SROs are taking to develop an NMS CAT Plan as required in Rule 613, and how the SROs plan to solicit industry comments and feedback on key implementation issues. In addition, the SROs will announce future industry events at which interested industry participants are invited to share feedback on implementation issues.

Call Details:
Time: 4:15 p.m. ET
Call-in Number: (800) 779-5244
Leader's Name: Shelly Bohlin
Conference Number: 1133819
Participant Passcode: 6094573

Please note that you must pre-register for the call by 3:15 p.m. ET on September 19, 2012. Participants registering after this time may experience a delay joining the call.

Please note that this event is closed to members of the media.

To register for the telephone portion of this conference:

- Go to our My Meetings Web page and click on "Web RSVP" on the bottom right corner or go to the website and input the required information.

- Enter the conference number and passcode.
    - **Conference Number:** 1133819
    - **Conference Passcode:** 6094573
    - **PIN:** (Important: Leave this area blank or enter your pin to modify an existing reservation)

- Provide your information for the event leader and then click submit.

To ensure that you are not held up in the conference call queue as a result of the high call volume, please call in at least five minutes early.

To access the WebEx presentation on the day of the call, please follow the instructions below:

- Go to the CAT NMS Plan Industry Call Web page
- Enter the meeting password: CAT
- Click "Join"

Note: When accessing the WebEx application, please follow the download instructions if prompted.

* * * * *

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.

EFFECTIVE-ON-FILING RULE CHANGE(S)

The following rule filing(s) was submitted to the Securities 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-2012-082 Hybrid Matching Algorithms

On September 12, 2012, the Exchange filed Rule Change File No. SR-CBOE-2012-082, which filing proposes to purpose of the rule change is to amend Rules 6.45A, *Priority and Allocation of Equity Option Trades on the CBOE Hybrid System*, and 6.45B, *Priority and Allocation of Trades in Index Options and Options on ETFs on the CBOE Hybrid System*, to expand on the description of the existing operation of the small order preference priority overlay. 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-2012-082.pdf.

Rule 6.45A. - Priority and Allocation of Equity Option Trades on the CBOE Hybrid System

* * * * *

(a) Allocation of Incoming Electronic Orders: The Exchange will determine to apply, for each class of options, one of the following rules of trading priority described in paragraphs (i) or (ii). The Exchange will issue a Regulatory Circular periodically specifying which priority rules will govern which classes of options any time the Exchange changes the priority.

(i) – (ii) No change.

(iii) Additional Priority Overlays Applicable to All Priority Methods

In addition to the base allocation methodologies set forth above, the Exchange may determine to apply, on a class-by-class basis, the following priority overlays. The Exchange will issue a Regulatory Circular periodically specifying which classes of options are subject to these additional priorities any time the Exchange changes these priorities.

(1) Small Order Preference:

(A) Orders for five (5) contracts or fewer will be executed first by the DPM or LMM, as applicable; provided however, that on a quarterly basis the Exchange will evaluate what percentage of the volume executed on the Exchange (excluding volume resulting from the execution of orders in AIM (see Rule 6.74A)) is comprised of orders for five (5) contracts or fewer executed by DPMs and LMMs, and will reduce the size of the orders included in this provision if such percentage is over forty percent (40%).

(B) This procedure only applies to the allocation of executions among non-customer orders and market maker quotes existing in the EBook at the time the order is received by the Exchange. No market participant is allocated any portion of an execution unless it has an existing interest at the execution price. Moreover, no market participant can execute a greater number of contracts than is associated with the price of its existing interest. Accordingly, the small order preference contained in this allocation procedure is not a guarantee; the DPM or LMM, as applicable, (1) must be quoting at the execution price to receive an allocation of any size, and (2) cannot execute a greater number of contracts than the size that is associated with its quote.

(C) If a Preferred Market-Maker is not quoting at a price equal to the NBBO at the time a preferred order is received, the allocation procedure contained in subparagraphs (iii)(A) through (B) shall be applied to the execution of the preferred order. If a Preferred Market Maker is quoting at the NBBO at the time the preferred order is received, the allocation procedure contained in subparagraphs (i) or (ii), as applicable, shall be applied to

the execution of the preferred order, and any Market Turner status shall not apply to that execution.

(D) The small order preference contained in this allocation procedure is only applicable to automatic executions and is not applicable to auctions.

(2) No change.

(b) – (e) No change.

… *Interpretations and Policies:*

.01 - .03 No change.

Rule 6.45B - Priority and Allocation of Trades in Index Options and Options on ETFs on the CBOE Hybrid System

* * * * *

(a) Allocation of Incoming Electronic Orders: The Exchange will determine to apply, for each class of options, one of the following rules of trading priority described in paragraphs (i) or (ii). The Exchange will issue a Regulatory Circular periodically specifying which priority rules will govern which classes of options any time the Exchange changes the priority.

(i) – (ii) No change.

(iii) Additional Priority Overlays Applicable to All Priority Methods

In addition to the base allocation methodologies set forth above, the Exchange may determine to apply, on a class-by-class basis, the following priority overlays. The Exchange will issue a Regulatory Circular periodically specifying which classes of options are subject to these additional priorities any time the Exchange changes these priorities.

(1) Small Order Preference:

(A) Orders for five (5) contracts or fewer will be executed first by the DPM or LMM, as applicable; provided however, that on a quarterly basis the Exchange will evaluate what percentage of the volume executed on the Exchange (excluding volume resulting from the execution of orders in AIM (see Rule 6.74A)) is comprised of orders for five (5) contracts or fewer executed by DPMs and LMMs, and will reduce the size of the orders included in this provision if such percentage is over forty percent (40%).

(B) This procedure only applies to the allocation of executions among non-customer orders and market maker quotes existing in the EBook at the time the order is received by the Exchange. No market participant is allocated any portion of an execution unless it has an existing interest at the execution price. Moreover, no market participant can execute a greater number of contracts than is associated with the price of its existing interest. Accordingly, the small order preference contained in this allocation procedure is not a guarantee; the DPM or LMM, as applicable, (1) must be quoting at the execution price to receive an allocation of any size, and (2) cannot execute a greater number of contracts than the size that is associated with its quote.

(C) If a Preferred Market-Maker is not quoting at a price equal to the NBBO at the time a preferred order is received, the allocation procedure contained in subparagraphs (iii)(A) through (B) shall be applied to the execution of the preferred order. If a Preferred Market Maker is quoting at the NBBO at the time the preferred order is received, the allocation procedure contained in subparagraphs (i) or (ii), as applicable, shall be applied to the execution of the preferred order, and any Market Turner status shall not apply to that execution.

(D) The small order preference contained in this allocation procedure is only applicable to automatic executions and is not applicable to auctions.

(2) No change.

(b) – (d) No change.

… *Interpretations and Policies:*

.01 - .04 No change.

SR-CBOE-2012-088 Fees Schedule

On September 7, 2012, the Exchange filed Rule Change File No. SR-CBOE-2012-088, which filing proposes to amend the CBSX Fees Schedule to adopt fees for trading with CBSX's new silent orders, silent-mid orders, silent-post-mid orders, and silent-mid-seeker orders. 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-2012-088.pdf.

SR-CBOE-2012-089 Fees Schedule

On September 12, 2012, the Exchange filed Rule Change File No. SR-CBOE-2012-089, which filing proposes to amend the CBOE Fees Schedule to delete the Manual Appointment Change Request Fee, which is no longer relevant because TPHs are now responsible for maintaining their own Market-Maker appointments via the Exchange's online appointments system. 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-2012-089.pdf.

PROPOSED RULE CHANGE(S)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), and Rule 19b-4 thereunder, the Exchange has filed the following proposed rule change(s) with the Securities and Exchange Commission ("SEC"). Below, any additions to rule text are underlined and any deletions are [bracketed]. Copies of the rule change filing are available at www.cboe.org/legal/submittedsecfilings.aspx. Trading Permit Holders may submit written comments to the Legal Division.
The effective date of a proposed rule change will be the date of approval by the SEC, unless otherwise noted.

SR-CBOE-2012-086 FLEX Options

On September 11, 2012, the Exchange filed Rule Change File No. SR-CBOE-2012-086, which filing proposes to make permanent CBOE's pilot program regarding permissible exercise settlement values for FLEX Index 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-2012-086.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

* * * * *

. . . *Interpretations and Policies:*
.01 Reserved. [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.]

* * * * *

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

* * * * *

. . . *Interpretations and Policies:*

.01 Reserved. [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.]

* * * * *