CBOE EXECUTE SUCCESS℠

EXCHANGE BULLETIN

December 06, 2013 Volume 41, Number 49

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 11/28/2013 THROUGH 12/4/2013

TERMINATIONS

Individuals

Nominee:	Termination Date
Daniel R. Lomer (LOM) Grace Support Services LLC	12/2/13
Thomas D. Tracy (TRC) Israel A. Englander & Co., LLC	12/2/13
Michael E Killeen (MEK) Geneva Trading LLC	12/2/13
Maureen A. Malloy (IMO) X-Change Financial Access LLC	12/2/13

TPH Organizations

Geneva Trading LLC	12/2/13

ADDENDUM TO TERMINATIONS FOR BULLETIN DATED 11/29/13

Eli Adler (ELI) Bluefin Trading, LLC	11/27/13

EFFECTIVE TRADING PERMIT HOLDERS

Individuals

Nominee:	Effective Date
Daniel R. Lomer (LOM) **Grace Support Services LLC** Type of Business to be Conducted: Market Maker	11/29/13
Thomas P Tiernan (TJT) **Volant Liquidity, LLC** Type of Business to be Conducted: Market Maker	12/2/13
Scott A Adams (SXA) **Volant Liquidity, LLC** Type of Business to be Conducted: Market Maker	12/2/13
Igor Ljubenov **BNP Paribas Securities Corp.** Type of Business to be Conducted: Proprietary Trading Permit Holder	12/2/13
John M Tobias III (JAK) **Sumo Capital LLC** Type of Business to be Conducted: Market Maker	12/2/13

CHANGES IN TRADING FUNCTION

Individuals	Effective Date
Joseph F. Landy From: Nominee For CTC XS LLC; Floor Broker To: Nominee For X-Change Financial Access LLC; Floor Broker	12/2/13
Michael P. Lynch From: Nominee For CTC XS LLC; Floor Broker To: Nominee For X-Change Financial Access LLC; Floor Broker	12/2/13
Adrian Velazquez From: Nominee For CTC XS LLC; Floor Broker To: Nominee For X-Change Financial Access LLC; Floor Broker	12/2/13

Research Circulars

The following Research Circulars were distributed between November 29, 2013 and December 5, 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 #RS13-652
November 29, 2013
L Brands, Inc. ("LTD")
Stock and Option Symbol Change to ("LB")
Effective Date: December 2, 2013

Research Circular #RS13-655
December 2, 2013
Turquoise Hill Resources Ltd. ("TRQ")
Rights Distribution
Ex-Rights: December 4, 2013

Research Circular #RS13-656
December 3, 2013
Universal Insurance Holdings, Inc. ("UVE")
CONTRACT ADJUSTMENT FOR SPECIAL CASH DIVIDEND
Ex-Date: December 11, 2013

Research Circular #RS13-657
December 3, 2013
Drew Industries Incorporated ("DW")
CONTRACT ADJUSTMENT FOR SPECIAL CASH DIVIDEND
Ex-Date: December 18, 2013

Research Circular #RS13-658
December 3, 2013
MAKO Surgical Corp. ("MAKO") Proposed Merger
with Stryker Corporation ("SYK")

Research Circular #RS13-659
December 3, 2013
Tellabs, Inc. ("TLAB & adj. TLAB1"):
Merger Completed -- Cash Settlement

Research Circular #RS13-661
December 5, 2013
US Airways Group, Inc. ("LCC") Proposed Merger
with AMR Corporation ("AAMRQ")

Research Circular #RS13-662
December 5, 2013
AMR Corporation ("AAMRQ") Proposed Merger
with U.S. Airways Group, Inc. ("LCC")

December 6, 2013 Volume RB24, Number 49

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Regulatory Circulars

Regulatory Circular RG13-153

Date: November 29, 2013

To: Trading Permit Holders
From: Regulatory Services Division
RE: Market-Maker Joint Account Trading in Open Outcry

This circular is being issued to remind Trading Permit Holders of certain requirements for Market-Maker joint account activity in open outcry under CBOE Rules 6.55, *Multiple Representation Prohibited*, and 8.9, *Securities Accounts and Orders of Market-Makers* including requirements for completing order/trade tickets (whether in electronic or paper format) for joint account transactions.

Joint Account Activity

Under Rule 6.55.02, the following procedures apply to the simultaneous presence in a trading crowd of participants in and orders for the same Market-Maker joint account:

- Joint accounts may be simultaneously represented in a trading crowd by participants trading in-person for the joint account.
- Joint account participants who are not trading in-person in a trading crowd may enter orders for the joint account with Floor Brokers even if other participants are trading the same joint account in-person.
- When series are simultaneously opened during rotation, joint account participants trading the joint account in-person may enter orders for the joint account with Floor Brokers in series where they are unable to trade the joint account in-person.
- There is no restriction on the number of joint account participants that may participate on behalf of the joint account on the same trade.
- When joint account participants are trading in-person in a trading crowd for their individual account or as a Floor Broker, another participant of the joint account may trade for the joint account in-person or enter orders for the joint account with Floor Brokers.

Individual Market-Makers are prohibited from entering orders with Floor Brokers for their individual or joint accounts while they are trading in-person in a trading crowd even if the orders are for an account they are not then actively trading. For applicable exceptions, refer to Rule 6.55.01.

- Trading Permit Holders must ensure that they do not trade in-person or by orders such that (i) a trade occurs between a joint account participant's individual market-maker account and the joint account of which he or she is a participant, or (ii) a trade occurs in which the buyer and seller are representing the same joint account and are on opposite sides of a transaction. It is the responsibility of a joint account participant to ascertain whether joint account orders have been entered in a crowd prior to trading the joint account in-person.

- Joint account participants may not act as a Floor Broker for the joint account of which they are a participant.

- Trading Permit Holders may alternate trading in-person for their individual account and their joint account while in a trading crowd.

- When completing an order/trade ticket for Market-Maker joint account transactions, it must contain such information as may be required by the Exchange under Rule 6.51(d) and such other information as may be required by the Exchange under Rule 6.51(d)(m).

Individual and Joint Account Identification

In addition to the information required by Rule 6.51(d), a transaction for a Market-Maker account must also be identified with the applicable individual or joint account acronym. Thus, the Market-Maker account acronym must be recorded on the order/trade ticket.

For electronic format order/trade tickets, please refer to the table below for the fields/tags that are to be used to designate the individual or joint account acronym. To the extent that an initiating/originating Market-Maker acronym or sub-account information is optionally inputted into an electronic format order/trade ticket, the table below identifies the fields/tags that are to be used for that information as well.

	FBW Ticket Field Name	FBW Entered FIX Tag	PULSe Ticket Field Name	PULSe Entered FIX Tag	FIX Entered FIX Tag	FIX Fill Report Field Name	CMI Entered Field/Struct	CMI Fill Report Field Name
MM or Joint Account	Sub Acct	1 + 9324	MM Account	1	1	Account	Account (string Bit Position 4)	Account
Acronym	Acronym	9324 + 440	Acronym	9465	9465	Originator	Subaccount (string Bit position 2)	User ID
Sub Account	None	N/A	Sub-Account	9324 + 440	440	SubAccount	Originatory Acronym (string - bit position 7)	SubAccount
* Acronyms are validated if sent using FIX tag 9465 or the CMI field/struct noted above. Acronyms are not currently validated for orders sent via FBW because the acronym is not sent in FIX tag 9465.								

Under Rule 8.9.03, for purposes of evaluating Market-Maker performance in accordance with CBOE Rule 8.7.03 (which pertains to trading in appointed classes and, for Hybrid 3.0 classes only, in-person

requirements), trading activity in the joint account shall be credited to the Market-Maker either individually or collectively with the Market-Makers of the same member organization.

Additional Information

For additional information, please refer to CBOE Rules 6.55 and 8.9 (as well as Rules 6.51 and 8.7), which are available at www.cboe.org/legal. Further questions may be directed to the Regulatory Interpretations and Guidance team at reginterps@cboe.com or (312) 786-8141.

(Regulatory Circular RG10-46, reissued with updated information on account identification fields/tags)

Regulatory Circular RG13-154

Date: November 29, 2013

To: Trading Permit Holders
From: Regulatory Services Division
RE: Exchange Rule 6.51 – "Reporting Duties"

This Regulatory Circular reminds Trading Permit Holders (TPHs) of their trade reporting duties pursuant to Exchange Rule 6.51.

Trade Reporting Requirements[1]

Exchange Rule 6.51(a) requires that a participant in each option transaction designated by the Exchange must report or ensure the transaction is reported to the Exchange within ninety (90) seconds of execution so that the trade information may be reported to time and sales reports. Transactions not reported within 90 seconds after execution shall be designated late. A pattern or practice of late reporting without exceptional circumstances may be considered conduct inconsistent with just and equitable principles of trade and subject to summary fine under Exchange Rule 17.50 or to discipline by the Business Conduct Committee. Rule 6.51(d) requires that TPHs file with the Exchange certain trade information in such form as may be prescribed by the Exchange to properly match and clear trades.[2]

Interpretation and Policy .01 of Rule 6.51 sets out the procedures the Exchange has established for reporting. Rule 6.51.01 requires that **both the buyer and the seller** shall immediately record on a card or ticket, or enter in an electronic data storage medium acceptable to the Exchange,[3] the following information:

- their assigned broker initial code (acronym);
- the identity of their clearing firm (if applicable);
- the contra TPH's assigned broker initial code (acronym);
- the name or clearing number of the contra TPH's clearing firm;
- the symbol of the options class;
- the type, expiration month and exercise price of the option contract;
- the transaction price;
- the number of contracts comprising the transaction;
- the execution time of the transaction;
- the account origin code (*see* Regulatory Circular RG13-038 for a list of account origin codes);

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[1] Separate from the trade reporting requirements, TPHs are reminded that Exchange Rule 6.24 contains certain requirements for orders to be systematized either before sent to the Exchange or upon receipt on the floor of the Exchange. Please refer to Rule 6.24 for further information.

[2] Rule 6.51(b) requires that, for each transaction on the Exchange in which a TPH participates, a TPH shall report the transaction as promptly as possible to the TPH for whom such transaction was made and/or to the TPH that will clear such transaction in a form and manner prescribed by the Exchange. See paragraph (b) and Interpretation and Policy .01 for further information.

[3] Such systems include, for example, PAR workstations, Market-Maker hand-held terminals, and such other systems that the Exchange may deem acceptable.

- either an opening or closing transaction (except for transactions executed by or for a Market-Maker);[4] and
- any other transaction information as prescribed by Exchange Rules or Regulatory Circulars.

As noted above, Rule 6.51(a) also imposes a 90-second reporting requirement. In that regard, Interpretation and Policy .01 of Rule 6.51 requires that each transaction on the Exchange be reported for time and sales purposes within 90 seconds of execution by the seller, or buyer if designated by the Exchange. In the case of TPHs not using electronic medium to report trades, the rule indicates that a paper form copy of the transaction record is to be placed on the price reporting belt provided at the station. In that regard, please note that the paper form copy of the transaction record should be provided to the Reporting Desk located at Post 10, Station 3 of the Exchange. Alternatively, this reporting requirement may be fulfilled by providing the information through an electronic data link approved by the Exchange.[5]

Transactions reported electronically. For transactions that occur electronically in CBOE Command, and transactions that occur in open outcry and are reported via PAR workstations or Market-Maker handheld terminals, transaction reports required by Rule 6.51(a) are automatically generated. The following table describes trade reporting designations for the purposes of this rule:

BUYER MECHANISM	SELLER MECHANISM	TRADE REPORT MECHANISM (TO OPRA)
CBOE Command	CBOE Command	CBOE Command
PAR	PAR	Seller's PAR
PAR	MM handheld	PAR
MM handheld	PAR	PAR
MM handheld	MM handheld	Selling MM handheld

Additional Information:

Questions regarding this Regulatory Circular should be directed to CBOE's Regulatory Interpretations and Guidance team at (312) 786-8141 or reginterps@cboe.com.

[4] *See* Rule 6.51(d)(j) and (m) (*i.e.*, "such other information as may be required by the Exchange"). Rule 6.51 also provides the Exchange with the authority to prescribe the form in which trade information is submitted in order to allow the Exchange to properly prioritize and route orders pursuant to rules of the Exchange and report resulting transactions to The Options Clearing Corporation.

[5] Then, under the procedures prescribed in the Rule, **both the buyer and the seller** in each transaction will immediately provide the transaction record to the TPH for whom the transaction was executed and/or the Clearing TPH that will clear the transaction. TPHs not using electronic medium to report trades are expected to provide the transaction record to the TPH for whom the transaction was executed and/or to the Clearing TPH that will clear the trade as promptly as possible. A TPH receiving a report of execution from another TPH shall immediately forward the report to the Clearing TPH that will clear the transaction. *See* footnote 2 above.

Regulatory Circular RG13-155

Date: December 2, 2013

To: Trading Permit Holders and Clearing Trading Permit Holders
From: Research Department
Regulatory Services Division
RE: Product Description, Margin and Net Capital Requirements
- Options on the CBOE Russell 2000 Volatility Index (RVX)

KEY POINTS

- On December 3, 2013, Chicago Board Options Exchange, Incorporated (CBOE or Exchange) plans to commence trading of options on the CBOE Russell 2000 Volatility Index^{SM}. Options will trade under the ticker symbol "RVX^{SM}."

- RVX options are cash-settled, have European-style exercise and have a $100 multiplier.

- The CBOE Russell 2000 Volatility Index represents an up-to-the-minute estimate of the expected 30-day volatility of the Russell 2000® Index and is derived by applying the CBOE Volatility Index (VIX) methodology to Russell 2000 Index (RUT) options traded on CBOE.

- For strategy-based customer margin requirements, broad-based index option margin requirements apply to **short** RVX options (15% basic / 10% minimum).

- For net capital treatment, the non-high-capitalization broad-based index requirements apply to RVX options. Margin and net capital requirements are described in detail below.

DISCUSSION

PRODUCT DESCRIPTION

CBOE will list cash-settled, European-style option contracts on the RVX beginning on December 3, 2013.

RVX is an up-to-the-minute market estimate of the expected 30-day volatility of the Russell 2000® Index (RUT). Calculation of the index is based on the CBOE Volatility Index (VIX) methodology, applied to CBOE listed options on RUT. RVX uses real-time bid/ask quotes of nearby and second nearby options with at least eight days left to expiration, and weights these options to yield a constant, 30-day measure of expected volatility.

The contract multiplier for RVX options will be $100. The minimum tick for RVX option series trading below $3 is 0.05 ($5.00); above $3 is 0.10 ($10.00).

RVX option series may be listed with minimum strike price intervals of not less than $1 where the strike price is $200 or less and $5 or greater where the strike price is greater than $200.

Initially, CBOE plans to list RVX options expiring in January, February and March. CBOE may list up to six RVX options contract months, provided that the time to expiration is not greater than 12 months.

RVX options have European-style exercise; options generally may be exercised only on the Expiration Date.

The last day to trade expiring RVX options will be the business day prior to the Expiration Date. The Expiration Date for RVX options will be the Wednesday that is thirty days prior to the third Friday of the

calendar month immediately following the month in which the contract expires. If the third Friday of the month immediately following the month in which the contract expires is a CBOE holiday, the last day to trade and the Expiration Date for the contract shall be thirty days prior to the CBOE business day immediately preceding that Friday.

RVX options are A.M.-settled; the exercise-settlement value for options on RVX shall be a Special Opening Quotation (SOQ" of RVX (Ticker – RSL) calculated from the sequence of opening prices, as traded on CBOE, of a single strip of RUT options expiring 30 days after the RVX settlement date. The opening price for any series in which there is no trade shall be the average of that option's bid price and ask price as determined at the opening of trading. Exercise will result in delivery of cash on the business day following expiration. The exercise-settlement amount is equal to the difference between the exercise-settlement value and the exercise price of the option, multiplied by $100. If the exercise-settlement value is not available or the normal settlement procedure cannot be utilized due to a trading disruption or other unusual circumstance, the final settlement value will be determined in accordance with the rules and bylaws of The Options Clearing Corporation (OCC).

The position limit for RVX options is 50,000 contracts on either side of the market with no more than 30,000 contracts in the nearest expiration month.

Trading hours for RVX options are 8:30 AM to 3:15 PM Central Time (Chicago time).

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

http://www.cboe.com/products/indexopts/RVX_spec.aspx

CUSTOMER MARGIN

Broad-based index option margin requirements apply to RVX options, CBOE Rule 12.3(c)(5), except that the current (cash) index value is **not** used to compute the requirements for short options. RVX options are expected to price in relation to the price of the futures contract having a settlement month that coincides with the expiration month of the option. Therefore, the price of the securities futures contract (traded on CBOE Futures Exchange (CFE), ticker symbol VU) with a settlement month that matches the expiration month of the option must be used. If there is no futures contract with a settlement month that matches the expiration month of the option, use the next futures contract settlement month that is available going forward. If there is no futures contract settlement month going forward, use the last futures contract settlement month available chronologically.

Purchases of RVX options with 9 months or less until expiration must be paid for in full. Initial margin must be deposited and maintained equal to at least 100% of the current market value of the option. For long options with more than nine months until expiration, Exchange rules require margin of at least 75% of the total cost (option current market value) to be deposited (maintained). When time to expiration reaches nine months, the option no longer has value for margin purposes.

The initial and maintenance margin requirement for a short put or call is 100% of the option proceeds* plus 15% of the aggregate contract value (current index value x $100) minus the amount by which the option is out-of-the-money, if any, subject to a minimum for calls of option proceeds* plus 10% of the aggregate contract value and a minimum for puts of option proceeds* plus 10% of the aggregate put exercise price amount. (*For calculating maintenance margin, use current market value instead of option proceeds.)

Spreads and straddles are permitted for RVX options having equivalent aggregate underlying values. In respect of calendar spreads, TPHs are reminded that RVX options are European-style. It is possible that the spread margin requirement could be, or become, insufficient to cover the assignment obligation on the short option if the long option cannot be exercised and it is trading at less than its intrinsic value in relation to the price of the futures contract or current index value that determines the intrinsic value of the

short option. Therefore, the Clearing TPHs will likely require higher margin for calendar spreads with European style options in order to ensure that sufficient margin is held to cover the risk.

Where a short option contract is covered by an "escrow agreement" meeting the requirements of CBOE Rule 12.3(d)(2), no margin need be required.

RVX options are eligible for portfolio margining. A new Product Group will be created. At this time, no offsets with other classes are allowed. The portfolio margin requirement will be equal to the maximum potential loss over a range of market movements covering +/–15%. VU futures contract prices will be utilized to compute theoretical option prices rather than the current ("cash") index value. 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. These requirements are Exchange minimums. House portfolio margin requirements may be greater.

OPTION MARKET–MAKER MARGIN REQUIREMENTS

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

RVX options and VU futures positions of a RVX options market-maker are eligible for cross-margin treatment in a cross-margin account carried for the options market-maker by a Clearing Trading Permit Holder that clears and carries both the RVX and VU positions. A futures account must be used for cross-margining. Cross-margining of RVX and VU positions must be undertaken in a cross-margin account that is exclusive to CBOE and CFE products. The SPAN file will be updated to take any risk offsets between RVX options and VU security futures into consideration and render a margin requirement accordingly. Additionally, a risk-based haircut ("RBH") must be computed on the cross-margin account positions. If the RBH is greater than the SPAN margin requirement, the RBH must be used as the margin requirement in lieu of the SPAN margin requirement.

It should be noted that at OCC, RVX options are eligible for a market professional cross-margin account, in which offsetting positions in RVX options and VU futures may be combined. A cross-margin account for a market professional must be set-up exclusively for carrying CBOE and CFE products that are cross-marginable. OCC currently requires that both RVX options and VU futures be cleared and carried by the same OCC clearing member (i.e., a dual broker-dealer / FCM) in order to establish market professional cross-margin accounts at OCC.

NET CAPITAL REQUIREMENTS

For risk-based haircuts, a new Product Group will be created for RVX options.[1] The risk–based haircut will be equal to the maximum potential loss calculated over a range of market movements covering +/-15% for options market-makers and all other broker–dealers. VU futures contract prices will be utilized to compute theoretical option prices rather than the current ("cash") index value. 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. VU futures will be included in the same Product Group with a 100% offset.

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.

Additional Information:

With respect to product specifications, questions regarding this Regulatory Circular should be directed to Bill Speth, Research Department, at (312) 786 - 7141.

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

With respect to margin and net capital, questions regarding this Regulatory Circular should be directed to CBOE's Regulatory Interpretations and Guidance team at (312) 786 - 8141 or reginterps@cboe.com.

Regulatory Circular RG13-156

Date: December 2, 2013

To: Trading Permit Holders
From: Business Development Division
RE: CBOE Russell 2000 Volatility Index (RVX) Options

On December 3, 2013, Chicago Board Options Exchange, Incorporated (CBOE) plans to begin trading options on the Russell 2000 Volatility Index (RVX).

Group One Trading will be the Designated Primary Market-Maker (DPM) for RVX options.

System settings and other details for RVX options are as follows:

- Trading will take place on the Hybrid trading platform.
- Minimum tick for series trading below $3 is 0.05 ($5.00); above $3 is 0.10 ($10.00).
- Initial tier appointment cost will be .001.
- The allocation algorithm for automatic executions of single-leg orders will be pro-rata with public customer priority, with multiple public customers at the same price in time sequence and a DPM participation entitlement. The allocation algorithm for complex orders in the Complex Order Book (COB) will be public customer priority, with multiple public customers at the same price in time sequence and pro-rata for non-public customers. The allocation for Complex Order Auction (COA) executions will be in accordance with Rule 6.53C. Trades executed in open outcry will be allocated pursuant to Rule 6.45B(b).
- Preferred Market Maker trade allocation will not be available.
- Complex Order Book (COB) and Complex Order Auction (COA) will be available in $.01 price increments.
- The Automated Improvement Mechanism (AIM) will be available in $.01 price increments.
- The Solicitation Auction Mechanism (SAM), also referred to as "AON AIM" 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.

Additional Information:
Please refer to Regulatory Circular RG13-155 for additional details. Contact the CBOE Help Desk at helpdesk@cboe.com or (866) 728-2263 for additional information.