

CBOE Research Circular #RS13-410

Date: July 18, 2013

To: Permit Holders

From: Scott Speer

RE: Portfolio Recovery Associates, Inc. ("PRAA")

3-for-1 Common Stock Split

Ex-Distribution Date: August 2, 2013

Portfolio Recovery Associates, Inc. ("PRAA") has announced a 3-for-1 common stock split, with a payable date of August 1, 2013, to shareholders of record July 1, 2013. The ex-date for the common stock split is Friday, August 2, 2013.

Contract Adjustment

Pursuant to OCC rules (Article VI, Section 11 and 11A), all outstanding PRAA option series will be adjusted to reflect this 3-for-1 common stock split on Friday, August 2, 2013, at 8:30 A.M. Chicago time. The OCC will issue two additional contracts for each open contract on the ex-date. Also on the ex-date, each PRAA series will have an adjusted exercise price equal to one-third of the exercise price rounded to the nearest 1/100th of a point for each PRAA series existing on the business day immediately prior to the ex-date. The option symbol will remain the same. Adjusted exercise prices are shown below. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

The option adjustment will appear in the Daily Position Report of the clearing member firms on the ex-date. After 8:30 A.M. Friday, August 2, 2013, all trades, corrections, and exercises must be submitted to the CBOE and OCC on an adjusted basis.

Adjusted Exercise Prices

On Friday, August 2, 2013, the ex-distribution date, trading in PRAA series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:

EXISTING SERIES				ADJUSTED SERIES*				
100 Shares				100 Shares				
PRAA	100.00	2013-08-17	C/P	=>	PRAA	33.33	2013-08-17	C/P
PRAA	105.00	2013-08-17	C/P	=>	PRAA	35.00	2013-08-17	C/P
PRAA	110.00	2013-08-17	C/P	=>	PRAA	36.67	2013-08-17	C/P
PRAA	115.00	2013-08-17	C/P	=>	PRAA	38.33	2013-08-17	C/P
PRAA	120.00	2013-08-17	C/P	=>	PRAA	40.00	2013-08-17	C/P
PRAA	125.00	2013-08-17	C/P	=>	PRAA	41.67	2013-08-17	C/P
PRAA	130.00	2013-08-17	C/P	=>	PRAA	43.33	2013-08-17	C/P
PRAA	135.00	2013-08-17	C/P	=>	PRAA	45.00	2013-08-17	C/P
PRAA	140.00	2013-08-17	C/P	=>	PRAA	46.67	2013-08-17	C/P
PRAA	145.00	2013-08-17	C/P	=>	PRAA	48.33	2013-08-17	C/P
PRAA	150.00	2013-08-17	C/P	=>	PRAA	50.00	2013-08-17	C/P
PRAA	155.00	2013-08-17	C/P	=>	PRAA	51.67	2013-08-17	C/P
PRAA	160.00	2013-08-17	C/P	=>	PRAA	53.33	2013-08-17	C/P
PRAA	165.00	2013-08-17	C/P	=>	PRAA	55.00	2013-08-17	C/P
PRAA	170.00	2013-08-17	C/P	=>	PRAA	56.67	2013-08-17	C/P

EXISTING SERIES					ADJUSTED SERIES*				
100 Shares					100 Shares				
PRAA	175.00	2013-08-17	C/P	=>	PRAA	58.33	2013-08-17	C/P	
PRAA	180.00	2013-08-17	C/P	=>	PRAA	60.00	2013-08-17	C/P	
PRAA	185.00	2013-08-17	C/P	=>	PRAA	61.67	2013-08-17	C/P	
PRAA	190.00	2013-08-17	C/P	=>	PRAA	63.33	2013-08-17	C/P	
PRAA	195.00	2013-08-17	C/P	=>	PRAA	65.00	2013-08-17	C/P	
PRAA	55.00	2013-09-21	C/P	=>	PRAA	18.33	2013-09-21	C/P	
PRAA	60.00	2013-09-21	C/P	=>	PRAA	20.00	2013-09-21	C/P	
PRAA	65.00	2013-09-21	C/P	=>	PRAA	21.67	2013-09-21	C/P	
PRAA	70.00	2013-09-21	C/P	=>	PRAA	23.33	2013-09-21	C/P	
PRAA	75.00	2013-09-21	C/P	=>	PRAA	25.00	2013-09-21	C/P	
PRAA	80.00	2013-09-21	C/P	=>	PRAA	26.67	2013-09-21	C/P	
PRAA	85.00	2013-09-21	C/P	=>	PRAA	28.33	2013-09-21	C/P	
PRAA	90.00	2013-09-21	C/P	=>	PRAA	30.00	2013-09-21	C/P	
PRAA	95.00	2013-09-21	C/P	=>	PRAA	31.67	2013-09-21	C/P	
PRAA	100.00	2013-09-21	C/P	=>	PRAA	33.33	2013-09-21	C/P	
PRAA	105.00	2013-09-21	C/P	=>	PRAA	35.00	2013-09-21	C/P	
PRAA	110.00	2013-09-21	C/P	=>	PRAA	36.67	2013-09-21	C/P	
PRAA	115.00	2013-09-21	C/P	=>	PRAA	38.33	2013-09-21	C/P	
PRAA	120.00	2013-09-21	C/P	=>	PRAA	40.00	2013-09-21	C/P	
PRAA	125.00	2013-09-21	C/P	=>	PRAA	41.67	2013-09-21	C/P	
PRAA	130.00	2013-09-21	C/P	=>	PRAA	43.33	2013-09-21	C/P	
PRAA	135.00	2013-09-21	C/P	=>	PRAA	45.00	2013-09-21	C/P	
PRAA	140.00	2013-09-21	C/P	=>	PRAA	46.67	2013-09-21	C/P	
PRAA	145.00	2013-09-21	C/P	=>	PRAA	48.33	2013-09-21	C/P	
PRAA	150.00	2013-09-21	C/P	=>	PRAA	50.00	2013-09-21	C/P	
PRAA	155.00	2013-09-21	C/P	=>	PRAA	51.67	2013-09-21	C/P	
PRAA	160.00	2013-09-21	C/P	=>	PRAA	53.33	2013-09-21	C/P	
PRAA	165.00	2013-09-21	C/P	=>	PRAA	55.00	2013-09-21	C/P	
PRAA	170.00	2013-09-21	C/P	=>	PRAA	56.67	2013-09-21	C/P	
PRAA	175.00	2013-09-21	C/P	=>	PRAA	58.33	2013-09-21	C/P	
PRAA	180.00	2013-09-21	C/P	=>	PRAA	60.00	2013-09-21	C/P	
PRAA	185.00	2013-09-21	C/P	=>	PRAA	61.67	2013-09-21	C/P	
PRAA	190.00	2013-09-21	C/P	=>	PRAA	63.33	2013-09-21	C/P	
PRAA	195.00	2013-09-21	C/P	=>	PRAA	65.00	2013-09-21	C/P	
PRAA	200.00	2013-09-21	C/P	=>	PRAA	66.67	2013-09-21	C/P	
PRAA	65.00	2013-12-21	C/P	=>	PRAA	21.67	2013-12-21	C/P	
PRAA	70.00	2013-12-21	C/P	=>	PRAA	23.33	2013-12-21	C/P	
PRAA	75.00	2013-12-21	C/P	=>	PRAA	25.00	2013-12-21	C/P	
PRAA	80.00	2013-12-21	C/P	=>	PRAA	26.67	2013-12-21	C/P	
PRAA	85.00	2013-12-21	C/P	=>	PRAA	28.33	2013-12-21	C/P	
PRAA	90.00	2013-12-21	C/P	=>	PRAA	30.00	2013-12-21	C/P	
PRAA	95.00	2013-12-21	C/P	=>	PRAA	31.67	2013-12-21	C/P	
PRAA	100.00	2013-12-21	C/P	=>	PRAA	33.33	2013-12-21	C/P	
PRAA	105.00	2013-12-21	C/P	=>	PRAA	35.00	2013-12-21	C/P	

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PRAA	125.00	2013-12-21	C/P	=>	PRAA	41.67	2013-12-21	C/P	
PRAA	130.00	2013-12-21	C/P	=>	PRAA	43.33	2013-12-21	C/P	
PRAA	135.00	2013-12-21	C/P	=>	PRAA	45.00	2013-12-21	C/P	
PRAA	140.00	2013-12-21	C/P	=>	PRAA	46.67	2013-12-21	C/P	
PRAA	145.00	2013-12-21	C/P	=>	PRAA	48.33	2013-12-21	C/P	
PRAA	150.00	2013-12-21	C/P	=>	PRAA	50.00	2013-12-21	C/P	
PRAA	155.00	2013-12-21	C/P	=>	PRAA	51.67	2013-12-21	C/P	
PRAA	160.00	2013-12-21	C/P	=>	PRAA	53.33	2013-12-21	C/P	
PRAA	165.00	2013-12-21	C/P	=>	PRAA	55.00	2013-12-21	C/P	
PRAA	170.00	2013-12-21	C/P	=>	PRAA	56.67	2013-12-21	C/P	
PRAA	175.00	2013-12-21	C/P	=>	PRAA	58.33	2013-12-21	C/P	
PRAA	180.00	2013-12-21	C/P	=>	PRAA	60.00	2013-12-21	C/P	
PRAA	185.00	2013-12-21	C/P	=>	PRAA	61.67	2013-12-21	C/P	
PRAA	190.00	2013-12-21	C/P	=>	PRAA	63.33	2013-12-21	C/P	
PRAA	195.00	2013-12-21	C/P	=>	PRAA	65.00	2013-12-21	C/P	
PRAA	200.00	2013-12-21	C/P	=>	PRAA	66.67	2013-12-21	C/P	
PRAA	210.00	2013-12-21	C/P	=>	PRAA	70.00	2013-12-21	C/P	

Any additional PRAA series that are added prior to the ex-date (e.g., the March series) will also be adjusted in the manner described above.

GTC Order Conversion

On Thursday, August 1, 2013, immediately after the CBOE close, the system will convert or cancel all resting orders in the PRAA order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustments. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

IMPORTANT – Order Entry After Adjustment

Please note that at the time of the adjustment, the strike prices of all PRAA options will be reduced by one-third, and OCC will issue two additional contracts for each open contract on the ex-date. At 8:30 A.M., Chicago time, on Friday, August 2, 2013, all outstanding PRAA 55 options will become PRAA 18.33 options, and PRAA 165 options will become PRAA 55 options. Any PRAA 55 positions opened prior to the ex-date that are closed out on or after the ex-date must be closed out as PRAA 18.33 options. Negligence in this matter could lead customers to establish new positions in the PRAA 65 options rather than closing out then-existing positions in the PRAA 18.33 options.



EXECUTE SUCCESSSM

Strikes that will be affected by the adjustment in the manner described above are included in the table below. Members should be aware of the potential for confusion respecting any of the related pairs of strikes shown below, and should be cautious in this regard.

Existing	->	Adjusted	&	Existing	->	Adjusted
55.00	->	18.33		165.00	->	55.00
60.00	->	20.00		180.00	->	60.00
65.00	->	21.67		195.00	->	65.00
70.00	->	23.33		210.00	->	70.00

Position and Exercise Limits

The CBOE Department of Market Regulation has determined that: "The position and exercise limits following this stock split will be any combination of PRAA option contracts on the same side of the market not to exceed 75,000, contracts (7,500,000 shares) through December 21, 2013. Following the December 21, 2013 expiration the position and exercise limits will revert to the standard limit of 25,000 contracts (2,500,000 shares) of PRAA."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

<http://www.cboe.com/ContractAdjustments>