C2 Regulatory Circular C2 RG12-023

DATE: April 26, 2012

TO: Trading Permit Holders

FROM: Business Development

RE: SPXpm Operational Systems Settings

This circular updates C2 RG12-017

Effective April 27, 2012, C2 will adjust "Acceptable Price Range" (APR) systems settings pursuant to Rules 6.11 and 6.17 in SPXpm. The APR affects the opening of series as well as order handling for intra-day market orders. A description of these two affected items and the new APR settings are described below.

Intra-day Market Order Handling:

Market orders are cancelled if the NBBO at time of receipt is wider than the APR. Given the new expanded APR settings, market orders should generally not be cancelled due to the settings.

Settings:

Bid Price	Old Acceptable Price Range	New Acceptable Price Range
0.00 – 10.00	5.00	9999.99
10.01 – 20.00	10.00	9999.99
20.01 – 100.00	50.00	9999.99
>100.01	100.00	9999.99

Opening of Series With No Trade:

If there is no Opening trade, the series will open as long as there is a quote that is within the APR and there is no limit order that crosses the midpoint of the best quote bid/ask. Given the new expanded APR settings, series should generally not be prevented from opening due to quote width.

Settings:

Bid Price	Old Acceptable Price Range	New Acceptable Price Range
0.00 – 10.00	5.00	9999.99
10.01 – 20.00	10.00	9999.99
20.01 – 100.00	50.00	9999.99
>100.01	100.00	9999.99

Opening of Series with an Opening Trade:

Additionally, a series will not open if the opening price is not within an acceptable price range. The calculation for the acceptable price range will be the midpoint of the highest quote bid and lowest quote offer plus/minus half of the Opening Exchange Prescribed Width (OEPW). The OEPW settings are not changing, but are included below for reference.

Settings:

	Opening Exchange Prescribed Width	
Bid Price	SPXpm Standard	SPXpm LEAPS
0.00 – 1.99	0.50	5.00
2.00 – 5.00	0.80	
5.01 – 10.00	1.00	
10.01 – 20.00	1.60	10.00
20.01 – 50.00	2.00	50.00
50.01 – 100.00	4.00	
100.01 – 300.00	5.00	100.00
> =300.01	8.00	

Questions regarding this circular may be directed to:

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