



400 S. La Salle
Chicago, IL 60605

Regulatory Circular RG11-038

To: Trading Permit Holders
From: Trading Operations
Date: March 2, 2011
Re: Credit Event Binary Options (CEBO) System Settings

On March 8, 2011, CBOE plans to begin trading Credit Event Binary Options. The Group One DPM has been allocated the new CEBO products.

System settings for these products will be as follows:

- Trading will take place on the Hybrid 2.0 trading platform.
- Incoming orders will initially be routed to PAR
- All CEBOs will initially be Tier F classes.
- Trades executed electronically will be allocated in Pro-Rata fashion with Public Customer and DPM Participation Entitlements (trades executed in open outcry will be allocated pursuant to Rule 6.45B(b)).
- AIM will be available with penny auction increment.
- HAL will not be available.
- Preferred Market Maker will not be available.

Other details:

- CEBOs are single-strike binary options.
- A single call (no puts) with a strike price of 1 will be listed for each product.
- Quotes and last sales will be disseminated to OPRA.
- 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.
- When a Credit Event has been confirmed by the Exchange, trading in the Credit Event Binary Option will be halted.

Please see Chapter XXIX of the CBOE rules or go to <http://www.cboe.com/micro/credit/introduction.aspx> for further details. Please contact Greg Burkhardt at 312-786-7531 / burkhard@cboe.com or the Help Desk at 1-866-728-2263 / helpdesk@cboe.com with any questions.