



Regulatory Circular RG11-108

To: Trading Permit Holders

From: Trading Operations

Date: September 19, 2011

Re: FLEX SPX Options with Third-Friday-of-the-Month Expirations

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On October 4, 2011, the C2 Options Exchange, Incorporated (C2) will begin trading SPXpm, a PM-settled, European-exercise option class on the S&P 500 Index (see C2 Regulatory Circular C2 RG11-016). In light of the introduction of this new product on C2, please take note of the following fungibility and trading procedure requirements for “look alike” FLEX SPX options traded on CBOE and non-FLEX SPXpm options traded on C2 that have a third-Friday-of-the-month expiration.

- Third-Friday FLEX SPX options are permitted on CBOE in any series that is not already available for trading as a non-FLEX option series on C2 (i.e., a FLEX SPX call (put) series can be listed on CBOE as long as it does not have the same terms - same expiration date, same exercise style, and same exercise price - as any non-FLEX SPXpm put (call) series that is available for trading on C2).
- FLEX SPX options are permitted on CBOE before “look alike” options are listed for trading as non-FLEX SPXpm options on C2. Once and if a look alike option series is listed for trading as a non-FLEX SPXpm series on C2, (i) all existing FLEX SPX option positions established under the CBOE FLEX trading procedures will be fully fungible with the transactions in the look alike non-FLEX SPXpm option series on C2 (i.e., the FLEX SPX position will convert over to a non-FLEX SPXpm position); and (ii) any further trading in the series would be as non-FLEX SPXpm options on C2 subject to C2’s non-FLEX trading procedures and rules.

For further information on CBOE’s requirements for third-Friday FLEX “look alike” option positions, please see CBOE Rule 24B.4.02 and CBOE Regulatory Circular RG10-23. Additional questions may be referred to Andy Lowenthal at 312-786-7180 or Lisa Morano at 312-786-7319.