



Regulatory Circular RG12-077

DATE: June 21, 2012
TO: Trading Permit Holders
FROM: Business Development
RE: Allocation Algorithm Change for SPXW Opening Trades at the Minimum Price Increment

This circular partially updates RG08-72 and RG10-125

Previously, opening trades at the minimum price increment in SPXW options series (i.e., at \$0.05) were allocated as specified in Regulatory Circular RG08-72, while all other opening trades of orders/quotes priced at the “market-clearing” price were allocated in price-time sequence. With a recent system change, the allocation has changed such that, for SPXW options, all opening trades of orders/quotes that are priced at the “market clearing” price are based on a price-time allocation, including any opening trades that occur at the minimum price increment.

For such minimum price increment series, the Hybrid Opening System (HOSS) will continue to open even if a market order imbalance exists. In the event a sell MKT order imbalance exists, sell MKT orders have priority over limit orders to sell at the minimum increment. Thus, MKT orders are filled first based in time sequence followed by limit orders at the minimum increment price, which are filled in time sequence.

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