



Regulatory Circular RG12-104

To: Trading Permit Holders
From: Business Development Division
Date: July 26, 2012
Re: Variance Strip Options - Systems Settings

This circular updates RG12-100

On July 27, 2012, CBOE plans to begin trading S&P 500 Variance Trades (also known as Variance Strip options), symbol VSTRP.

System settings and other details for VSTRP are as follows:

- Trading will be fully automated with no open outcry.
- Trades executed electronically will be allocated using Price-Time priority consistent with Rule 6.45A(a)(ii). Public Customer priority and the Participation Entitlements shall not apply.
- The minimum price increment will be .05 at all price levels.
- Orders priced at the Market (MKT) are not eligible and will be rejected.
- The Hybrid Opening System (HOSS) will be used, (the HAL Opening Procedure (HALO) in Rule 6.2B.03 will not be active).
- VSTRP will open systematically at 8:30AM and will close at 3:15PM.
- Exchange Prescribed Widths (EPWs) and Opening Exchange Prescribed Widths (OEPWs) will follow standard settings, as described in Regulatory Circular RG12-095.
- All Order origins will be eligible for auto-ex.
- All Order origins will be eligible for booking.
- COB and COA will not be available.
- AIM will not be available.
- Preferred Market Maker trade allocation will not be available.
- SPX option trades resulting from SPX Variance Strip executions will be reported with a "BNMT" (benchmark trade) suffix.
- A daily SPX Variance Strip series listing and related information may be found at <http://www.cboe.com/data/variancestrips/default.aspx>.
- CBOE requires permit holders to complete a TPH Routing Authorization for SPX Variance Strips form with a list of acronyms that may be enabled for routing VSTRP orders. The completed form should be sent to the Registration Services Department at registration@cboe.com or faxed to 312-786-8140. Please note that the system will reject VSTRP orders from trading permit holders whose acronyms have not been enabled.

Please contact Greg Burkhardt at 312-786-7531, Bill Speth at 312-786-7141, Charlie Hullihan at 312-786-7176 or the Help Desk at 866-728-2263 with any questions regarding this matter.