CBOE® EXECUTE SUCCESS℠

Regulatory Circular RG14-093

Date: **June 13, 2014**

To: Trading Permit Holders
From: Business Development Division
RE: Operational System Settings on Volatility Index Product Settlement Days

This circular replaces Regulatory Circular RG14-019 and updates RG14-061

This circular announces certain operational systems settings for the option classes whose series are used to calculate the exercise price/final settlement value for expiring volatility index options and (security) futures on their respective settlement days, including changes to those settings (which will become effective on the dates set forth below). On all other trading days, these operational system settings for these classes will return to their standard levels as detailed in regulatory circulars referenced below.

Opening Process
On settlement days, all option classes whose series are used to calculate the exercise price/final settlement value for expiring volatility index derivatives will continue to use the modified Hybrid Opening System (HOSS) procedures (see CBOE Regulatory Circular RG14-005). On all other trading days, classes will continue to use either the regular HOSS procedures or the Hybrid Agency Liaison Opening (HAL-O) procedures (see CBOE Rule 6.2B) as has been determined for each class.

Reasonability Checks
Currently, incoming limit orders that are overly marketable when compared to the previous day's closing price when received in a pre-open state, or to the CBOE bid-ask when received in open state, are routed to the firm's designated booth order management terminal (see CBOE Regulatory Circular RG13-145 for more details). Effective June 18, 2014, on final settlement days, orders in option classes whose series are used to calculate volatility indexes routed prior to, and shortly after, the opening will not be subject to the reasonability check. The reasonability check will be reactivated shortly after the opening.

Opening Exchange Prescribed Width (OEPW)
Option series which have quantity to trade will open only if: (A) the opening trade price is within an acceptable price range (the calculation for the acceptable price range is the midpoint of the highest quote bid and lowest quote offer plus/minus half of the OEPW), and (B) the width between the highest quote bid and lowest quote offer is no wider than the OEPW setting. On settlement days, the OEPW will be narrowed to the levels shown in the table below (see CBOE Regulatory Circular RG14-061 for operational system settings on all other trading days).

Effective June 18, 2014, the OEPW parameters will be as follows:

Bid Price	SPX, SPXW, RUT, and NDX		All Other Classes Used to Calculate Volatility Indexes	
	Final Settlement Day	Non-Final Settlement Days	Final Settlement Day	Non-Final Settlement Days
0.00 - .25	0.40	1.00	0.30	0.50
.26 - .50	0.50			
.51 - 1.00	0.60			
1.01 – 1.99	0.70			
2.00 – 5.00	1.00	1.60	0.50	0.80
5.01 – 10.00	1.20	2.00	0.60	1.00
10.01 – 20.00	1.60	4.00	0.80	1.60
20.01 – 30.00	3.00	6.00	1.00	2.00
30.01 - 40.00	4.00		1.25	3.00
40.01 – 50.00	5.00			
50.01 – 100.00	10.00	10.00	1.50	4.00
100.01 – 200.00	16.00	16.00	2.00	6.00
> =200.01	24.00	24.00	3.00	8.00

Additional Information:
Questions regarding the operational topics in this circular may be directed to the CBOE Help Desk at 866-728-2263 or helpdesk@cboe.com. Questions regarding regulatory matters related to this circular may be directed to the Regulatory Interpretations and Guidance team at reginterps@cboe.com or (312) 786-8141.