CBOE Regulatory Circular RG14-130
C2 Regulatory Circular RG14-036

Date: September 5, 2014

To: CBOE and C2 Trading Permit Holders
From: Market Operations
RE: Amendment to Increase $1 Strikes for SPY and DIA Options

Chicago Board Options Exchange, Incorporated (CBOE) and C2 Options Exchange, Incorporated (C2) recently amended Rule 5.5.08, which sets forth the permissible strike price intervals for options on SPY and DIA.[1] Generally, the amendment now permits the listing of $1 strikes above $200 in SPY and DIA standard options and the listing of $0.50 strikes above $200 in Short Term Options Series (Weeklys) on SPY and DIA. A copy of the rule filing making the changes described in this circular is available at: http://www.cboe.com/publish/RuleFilingsSEC/SR-CBOE-2014-068.pdf.

Previously, $1 strike price intervals for SPY and DIA options were permitted where the strike price was $200 or less. CBOE and C2 are now permitted to generally list $1 strike price intervals for SPY and DIA options. The strike price range limitations for $1 strikes in SPY and DIA options are: (1) if SPY or DIA is less than or equal to $20, CBOE and C2 may list $1 strike price intervals 100% above/below the price of SPY or DIA; or (2) if SPY or DIA is greater than $20, CBOE and C2 may list $1 strike price intervals 50% above/below the price of SPY or DIA.[2]

For Weeklys on SPY and DIA, the minimum strike price interval is $0.50 and subject to the same strike price range limitations set forth above.[3]

Refer to CBOE and C2 Rules for Additional Detail
This circular is not intended to provide a comprehensive description of the rules governing the strike price intervals permitted for SPY and DIA options. CBOE and C2 Trading Permit Holders should refer to Rule 5.5 for additional detail regarding permissible strike price intervals and details of the Weeklys program.

Additional Information
Questions may be directed to Market Services at marketservices@cboe.com and (312) 786-7351.

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[1] Chapter 5 to the C2 Rulebook provides that the rules contained in CBOE Chapter V, as such rules may be in effect from time to time, shall apply to C2 and that C2 participants shall comply with CBOE Rule Chapter V as if such rules were part of the C2 Rules.
[2] The strike price range limitations for SPY and DIA options are governed by the Options Listing Procedure Plan (OLPP). Select provisions of the OLPP are set forth in Rule 5.5A.
[3] Under Rule 5.5(d)(5), $0.50 strike price intervals are permitted for classes that trade in $1 strike price intervals in non-Weekly expirations and participate in the Weeklys Program. Also, related non-Weekly expirations (i.e., standard expirations) are permitted to have "Weekly" strike price intervals beginning a month prior to their expiration.