

Regulatory Circular RG15-007

Date: January 16, 2015

To: Trading Permit Holders

From: Market-Maker and DPM Administration (MDA) Department

RE: Quarterly Rebalance of Option Class Tiers and Online Appointment System Reminder

Per CBOE Rule 8.3(c)(iv), the Chicago Board Option Exchange ("CBOE") rebalances the option class appointment cost tiers every calendar quarter based on national average daily volume (ADV), excluding the "AA" tier, which may result in additions or deletions to each tier's composition. When a class changes tiers, it is assigned the appointment cost of the new tier. Each Market-Maker or Market-Maker affiliated firm is able to select their class appointment(s) using these tier costs, and is required to hold the appropriate number of Trading Permits reflecting the total appointment costs of the Hybrid classes constituting the Market-Maker's appointment. Each Market-Maker Trading Permit has an appointment credit of 1.0. A Market-Maker may hold any combination of Hybrid classes and Hybrid 3.0 classes whose aggregate appointment cost does not exceed the total appointment credits they possess by virtue of the number of Market-Maker Trading Permits they hold. Each tier rebalancing takes effect on the first business day of the second calendar month following the end of the calendar quarter (i.e. the rebalancing using 4th quarter 2014 data takes effect the first business day of February 2015.)

Market-Makers are reminded if a Market-Maker or Market-Maker affiliated firm holds a combination of appointments whose aggregate revised appointment cost is greater than the net appointment credits they hold, the Market-Maker or Market-Maker affiliated firm will automatically be assigned as many Market-Maker Trading Permits as necessary to ensure that they no longer hold a combination of appointments whose aggregate revised appointment cost is greater than their net appointment credits. Market-Makers and/or Market-Maker affiliated firms will have until 3:30 pm CT on the last business day prior to the rebalance taking effect (January 30, 2015) in order to adjust their appointments and/or number of Market-Maker Trading Permits as necessary so that their aggregate appointment cost is equal to or less than their net appointment credits. Otherwise, the Exchange will automatically issue to that Market-Maker or Market-Maker affiliated firms the requisite number of Market-Maker Trading Permits to meet this standard, and they will be billed accordingly. The cancellation policy for Market-Maker Trading Permits will also continue to apply.

Also, as indicated in Regulatory Circular RG12-114, it is the responsibility of each Trading Permit Holder (TPH) to maintain its Market-Maker appointments via the online appointments system (MPPI) at <https://appointments.cboe.com>. Generally, only in the event of a system malfunction will the MDA Department process appointment changes via an email or phone call request. However, if at any time you need assistance or have questions on the functionality of the appointments system or are experiencing technical complications that prevent you from accessing the system, please contact the MDA Department.

Additionally, if you do not have access to the online appointments please contact 312-786-7198 or mqa@cboe.com. Please note that in order to have the appointment system enabled, users must provide their public Internet facing IP address to the MDA department. To locate this go to <http://www.cboe.com/whatismyip>.



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Additional Information:

Please see rule filing SR-CBOE-2013-109 or contact Allison Kile at (312) 786-7210 or kilea@cboe.com for additional information.