

## Regulatory Circular RG15-050

**Date:** March 27, 2015

**To:** Trading Permit Holders

**From:** Business Development Division

**Re:** Operational System Settings for MSCI EAFE Index Options and  
MSCI Emerging Markets Index Options

Commencing April 21, 2015, pending SEC approval, Chicago Board Options Exchange, Incorporated (CBOE or Exchange) will list and trade options that overlie the MSCI EAFE Index, option symbol MXEA, and the MSCI Emerging Markets Index, option symbol MXEF. This circular announces certain operational systems settings for these two new option classes.

### Trading Hours

- Regular Trading Hours: Monday through Friday from 8:30 A.M. CT to 3:15 P.M. CT
- The closing time on the last trading day for expiring MXEA options: 10:00 A.M. CT
- The closing time on the last trading day for expiring MXEF options: 3:15 P.M. CT

### Settlement and Exercise

- Settlement/exercise style: P.M., cash settled contracts with European-style exercise.
- Expiration Date for both MXEA and MXEF: The 3<sup>rd</sup> Friday of the expiration month.
- Settlement Value Symbol for MXEA: MXS
- Settlement Value Symbol for MXEF: EFS

### Series Listing

Expiration Cycle for both MXEA and MXEF: Initially, only the June 2015 (Standard 3<sup>rd</sup> Friday) expiration month will be available. This expiration will represent the front month expiration. A new expiration month<sup>1</sup> that expires quarterly (i.e., September 2015) will be listed one to two weeks prior to the expiration of the front month.

### Electronic Designated Primary Market-Maker (“DPM”) and Trading Floor Location

- Off-floor Electronic DPM: IMC Financial Markets (pending Exchange approval)
- Location: Post 4 Station 10

### Orders

- Minimum Price Increment for Simple Orders: \$0.05 under \$3.00, and \$0.10 above \$3.00.
- Minimum Price Increment for Complex Orders: \$0.01.
- Complex Order Book (COB): Complex orders from all participants will be eligible to rest in the COB (See Rule 6.53C).
- Multi-class spread orders: Complex orders that include both MXEA and EFA options or MXEF and EEM options will be permitted and routed for manual handling only.

<sup>1</sup> Additional expirations not mentioned in this circular may be added pursuant to Rule 24.9(a)(2). Listing notifications can be found at <http://www.cboe.com/tradtool/DailyNewListings.aspx>.

### Matching Algorithms and Auctions

- Matching Algorithm for Simple Order Electronic Executions: Public customer priority; then DPM participation entitlement percentage of 50% if matched by one other, 40% if matched by two others and 30% if matched by three or more others; then price-time.
- Matching Algorithm for the COB: Public customer priority; then price-time.
- Matching algorithm for the Complex Order Auction (COA): The COA matching algorithm will be in accordance with Rule 6.53C(d)(v), with allocation among auction responses public customer in time priority; then pro-rata, capped at the size of the auctioned order. All participants are permitted to respond to COA.
- Automated Improvement Mechanism (AIM): AIM will be active, with a 1000 millisecond timer (See Rule 6.74A). Both simple and complex orders will be supported. Rule 6.74A(b)(3) describes the AIM allocation, which will be public customer priority; then price-time. The participation entitlement for the contra/match order will be the greater of (A) 1 contract or (B) 50% if matched by one participant or 40% if matched by two or more participants. Auction responses are permitted from Market-Makers with an appointment in the class and TPHs acting on behalf of orders at the top of the book (or COB) at the start of the auction. The minimum price increment for AIM will be \$.01 for simple and complex orders. At least three quoters are required to start the auction.
- The Solicitation Auction Mechanism (SAM): SAM, or "AON AIM", will not be active.
- Hybrid Agency Liaison (HAL): HAL will be active for purposes of drill-through protection, with a 20 millisecond timer.
- HAL on the Open (HAL-O) will be active, with a 20 millisecond timer.
- Complex Order Auction (COA): COA will be active for orders with origin codes 'C' and 'W' only, with a 100 millisecond timer.

### Other

- Opening timers, Exchange Prescribed Width (EPW), Opening EPW (OEPW), limit order price reasonability and drill-through protection settings will be set at standard levels (See Regulatory Circulars [RG14-156](#), [RG13-145](#), [RG12-019](#) and [RG11-072](#)).
- The Quote Lock timer will be set to 1000 milliseconds.
- Open outcry crossing entitlement: 40% for facilitations and solicitations.
- Class tier appointment cost: Initially, .001 of a Market-Maker Trading Permit.
- CFLEX options in MXEA and MXEF will be P.M., cash-settled with a European-style exercise. A.M. and/or American-style exercise may not be designated.

### Additional Information:

Operational questions regarding this circular may be directed to the CBOE Help Desk at 866-728-2263 or [helpdesk@cboe.com](mailto:helpdesk@cboe.com).

Please refer to [www.cboe.com/MSCI](http://www.cboe.com/MSCI) for links to MXEA and MXEF options contract specifications and other related information.