

CBOE Regulatory Circular RG16-188

Date: December 6, 2016

To: CBOE Trading Permit Holders

From: Business Development Division

RE: Risk Controls

Updates CBOE Regulatory Circular RG-127

Beginning Monday, December 12, 2016, Chicago Board Options Exchange, Incorporated (“Exchange”) will begin rolling out by Business Cluster (“BC”) the first phase of risk control functionality previously announced in Regulatory Circular RG16-127. During this phase, the system will begin counting for the following velocity checks:

- Velocity check for number of orders entered over 1 and 5 minute time periods.
- Velocity check for contracts executed from orders over 1 and 5 minute time periods.
- Velocity check for number of price reasonability violations over 1 and 5 minute time periods.
- Velocity check for number of drill through occurrences over 1 and 5 minute time periods.

In addition, Trading Permit Holders (“TPHs”) will be notified via email when 50%, 75%, 90% and 100% of the established thresholds are reached during a given time period. However, until phase 2 of the Risk Control implementation, scheduled for early January 2017, these emails will be informational, and no acronyms or logins will be restricted from entering orders or quotes.

TPH organizations are required to submit thresholds for the risk controls along with the name of the TPH representatives designated to instruct the Help Desk to “kill” or re-activate logins. Please contact the CBOE Help Desk for the forms necessary to submit this information.

Additional information:

For additional information regarding operational matters, please contact the CBOE Help Desk at helpdesk@cboe.com or 866-728-2263.