CBOE
CHICAGO BOARD OPTIONS EXCHANGE

To: Members

From: Trading Operations

Date: February 16, 2010

Re: Allocation of Electronically-Executed 1-5 Lot Orders
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This circular announces a change to the matching algorithms used in all Hybrid classes (except Hybrid 3.0 classes, i.e., SPX) when executing incoming electronic orders with an original quantity of 1-5 contracts.

As revised, 100% of the remainder of 1-5 lot orders, after resting customers are filled, will be allocated to the DPM (or LMM if applicable) as long as the DPM is on the NBBO and the order is not preferred to another Market-Maker who is quoting on the NBBO. The allocation will not apply when the order is preferred to another CBOE Market-Maker and that Market-Maker is on the NBBO.

This allocation change will not impact the collection and control of any marketing fees collected under the marketing fee program.

For additional information please refer to Rules 6.45A(a)(iii) and 6.45B(a)(iii), which are available at www.cboe.org/legal. Please direct any further questions to Anthony Montesano at (312) 786-7365 (email: montesan@cboe.com) or Eric Frait at (312) 786-7747 (email: frait@cboe.com).

(Replaces Regulatory Circular RG09-85)