



Regulatory Circular RG10-68

To: Members
From: Trading Operations
Date: June 10, 2010
Re: Single-Stock Circuit Breakers in S&P 500 Securities

The exchanges and FINRA have adopted on a pilot basis new uniform, market-wide rules concerning single-stock circuit breakers or “trading pauses” in individual stocks due to extraordinary market volatility. The pilot will be in effect for all stocks included in the S&P 500 Index, as well as individual equity options overlying those stocks. The markets will begin rollout of the single-stock circuit breakers on June 11, 2010, and the full rollout schedule for all S&P 500 stocks will be announced by the primary listing markets. The pilot is expected to end on December 10, 2010. Additional securities are anticipated to be added during the pilot and will be announced as they are identified.

In general, when a stock trades up or down 10% or more in any 5-minute interval, the primary listing market (PLM) will disseminate a halt indicator to the single plan processor responsible for consolidation of information for the stock, triggering a 5-minute trading pause in that stock and in the individual equity option class overlying the stock. Trades prior to 8:45 am CT and after 2:35 pm CT will not trigger a pause, and those from 8:45 - 8:50 will not be compared to trades prior to 8:45 when measuring the 10% threshold move. After the 5-minute pause, the PLM will be the first market to resume trading, at which point other markets may also resume trading. If, however, trading has not resumed on the PLM after 10 minutes has passed since the individual stock trading pause message has been received from the single plan processor, any market may choose to resume trading. This is simply a brief overview of the PLMs procedures and is provided only as reference for the following description of CBOE and CBSX procedures during such underlying pauses. Detailed rules and descriptions of the PLM procedures are available on the NYSE and NASDAQ websites, under Rule Change File Nos. SR-NYSE-2010-39 and SR-NASDAQ-2010-061, respectively.

Anytime a halt indicator is received, both CBOE and CBSX will automatically initiate a trading halt/pause. Under the halt, CBOE will disseminate 998-999 markets, and CBSX will disseminate 0-0 markets. CBOE will retain all resting orders, and CBSX will retain only resting customer orders (origin code C). Both exchanges will continue to accept new orders and process cancels received during the halt in preparation for a re-opening. Note that CBOE allows an “OPG” (opening-only) order type during this period, any un-filled portion of which will automatically cancel upon conclusion of the re-open.

After the conclusion of the trading pause, CBOE and CBSX will initiate an opening rotation upon receipt of a print from the PLM. Standard opening rotation mechanisms will be utilized. If the PLM is unable to resume trading within the time parameters noted above, CBOE and CBSX may choose to re-open, based on various factors, including the reason for the continued PLM halt.

For additional information, please refer to rule filings SR-CBOE-2010-047 and SR-CBOE-2010-055, located at www.cboe.org/legal. Questions regarding this matter may be directed to Jennifer Lamie at 312-786-7576, Anthony Montesano at 312-786-7365, David Reed at 312-786-8857 or the CBOE Help Desk at 866-728-2263.