Regulatory Circular RG16-055

Date: **March 18, 2016**

To: Trading Permit Holders
From: Business Development Division
RE: Procedures Related to Multi-Class Spread Orders

Updates Regulatory Circular RG15-159 and Replaces RG13-011, RG14-090, and RG14-132

This circular is being issued as a reminder of certain requirements in CBOE Rule 24.19, *Multi-Class Broad-Based Index Option Spread Orders.*

Rule 24.19 sets forth special open outcry trading procedures for Multi-Class Spread Orders (also referred to as Multi-Class Broad-Based Index Option Spread Orders). For purposes of Rule 24.19, a "Multi-Class Spread Order" is defined as "an order or quote to **buy** a stated number of contracts of a Broad- Based Index Option and to **sell** an equal number, or an equivalent number, of contracts of a different Broad-Based Index Option." Be advised that a Multi-Class Spread Order is limited to two component option series legs. The two component legs may consist of different expirations, different strikes, or different option types (call or put), but one leg must be a buy and the other leg a sell.

The relief provided by Rule 24.19 is only available for certain combinations of classes. The complete list of eligible Multi-Class Spread Orders permitted under CBOE Rule 24.19, as well as the equivalent number of contracts for each combination, is as follows:

- **Any combination of VIX, VXX, VXZ, and BVZ** – 1 VIX contract to 1 VXX contract to 1 VXZ contract to 1 BVZ contract
- **Any combination of SPX, SPXW, SPXPM, BSZ, XSP, and SPY** – 1 SPX, SPXW, SPXPM, or BSZ contract to 10 XSP or SPY contracts; 1 XSP contract to 1 SPY contract
- **Any combination of OEF, OEX, XEO, SPX, SPXW, SPXPM, and XSP** – 20 OEF contracts to 2 OEX or XEO contracts to 1 SPX, SPXW, or SPXPM contract to 10 XSP contracts
- **Any combination of MNX, NDX, and QQQ** – 10 MNX contracts to 1 NDX contract to 40 QQQ contracts
- **DIA and DJX** – 1 DIA contract to 1 DJX contract
- **IWM and RUT** – 10 IWM contracts to 1 RUT contract
- **IWB and RUI –** 10 IWB contracts to 1 RUI contract
- **IWD and RLV –** 10 IWD contracts to 1 RLV contract
- **IWF and RLG –** 10 IWF contracts to 1 RLG contract
- **EFA and MXEA –** 30 EFA contracts to 1 MXEA contract
- **EEM and MXEF –** 25 EEM contracts to 1 MXEF contract

Representing Multi-Class Spread Orders:

- Multi-Class Spread Orders must be entered on a single order ticket at time of systemization to benefit from the procedures and relief provided in Rule 24.19.
- Multi-Class Spread Orders must be represented at the primary trading station (defined as the trading station where a particular Multi-Class Spread Order is first represented).
- Immediately after the order is announced at the primary trading station or concurrent with the announcement, the TPH representing the Multi-Class Spread Order must call the appropriate Exchange staff Recipient at Ext. 4848 in order to have notice of the order disseminated promptly to the other trading crowd.

- The Recipient must verbalize the terms of the Multi-Class Spread Order to the other trading crowd, as well as specify a contact person and a telephone number where the TPH representing the order may be reached at the primary trading station.

Please note that CBOE is reviewing Rule 24.19 to identify future potential changes including allowing Multi-Class Spread Orders to have greater than one leg on each side of the order. Any such changes to the rule would require SEC approval.

Additional Information:
For additional information, please refer to the full text of Rule 24.19, which is available online at www.cboe.org/legal. Further questions regarding this circular may be directed to the Regulatory Interpretations and Guidance team at reginterps@cboe.com or 312-786-8141.