

Regulatory Circular RG16-199

Date: December 20, 2016
To: Trading Permit Holders
From: Regulatory Division
RE: LMM/DPM Opening Quoting Obligation Update

The Securities and Exchange Commission recently approved Chicago Board Options Exchange, Incorporated ("CBOE") rule filing SR-CBOE-2016-071, which, among other things, reorganized, simplified, and made consistent with the System various provisions of CBOE Rule 6.2B, Hybrid Opening System (HOSS).

In addition, the rule filing amended Rule 6.2B, Interpretation and Policy .01 (Modified Opening Procedure for Series used to Calculate the Exercise/Final Settlement Values of Volatility Indexes) to make the LMM/DPM opening quoting obligation on volatility index settlement days the same as the LMM/DPM opening quoting obligation on all other days. This obligation, which is described in CBOE Rules 8.15 and 8.85, respectively, provides, among others, that LMMs/DPMs must enter opening quotes within one minute of the initiation of an opening rotation in any series that is not open due to the lack of a quote on all trade days. (Prior to the rule change, this "one minute" provision only applied to non-volatility settlement days.)

Additional information:

For additional information regarding regulatory matters, please contact Regulatory Interpretations at reginterps@cboe.com or 312-786-8141.