CBOE Regulatory Circular RG17-046

Date: **March 31, 2017**

To: **Trading Permit Holders**

From: **Business Development Division**

RE: **Matching Algorithm for VIX Options**

Updates Regulatory Circular RG15-79

Effective April 7, 2017, the Chicago Board Options Exchange (CBOE) will change the matching algorithm in VIX options for electronic simple order executions and complex order executions in the Complex Order Book (COB) to a pro-rata allocation [1] with no public customer priority or DPM/PMM participation entitlements, pursuant to Rules 6.45(a)(i) and 6.53C(c)(ii), respectively.

The matching algorithm for complex order executions following a Complex Order Auction (COA) will remain unchanged. Please see Rule 6.53C(d)(v) for details on COA allocation.

The matching algorithm for executions following an Automated Improvement Mechanism (AIM) auction will remain unchanged - in general, customer priority with pro-rata and a 40% entitlement on the contra/match order. Please see Rule 6.74A(b)(3) for details on AIM allocation.

Open outcry priority remains unchanged – in general, customer book priority and DPM entitlement. Please see Rules 6.45(b), 6.47, 6.74, and 6.9.

Please refer to RG17-039 for further information on PAR functionality.

Additional Information:
Operational questions regarding this circular may be directed to the CBOE Help Desk at 866-728-2263 or helpdesk@cboe.com.

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[1] "Pro-rata" refers to the aggregated pro-rata base algorithm in Rule 6.45(a)(i)(C).