

CBOE Regulatory Circular RG17-101

Date: July 14, 2017

To: CBOE Trading Permit Holders

From: Business Development Division

RE: Additional Velocity-Related Risk Controls

Updates and Replaces CBOE Regulatory Circular RG17-095

The Chicago Board Options Exchange, Incorporated ("CBOE" or the "Exchange") previously announced via CBOE Regulatory Circular RG17-095 that the final phase of risk control functionality would be implemented on July 10, 2017. That implementation was delayed by one week.

Beginning Monday, July 17, 2017, CBOE will implement the final phase of risk control functionality previously announced in Regulatory Circular RG16-127. During this phase, Trading Permit Holders ("TPHs") acronym(s) or login(s) will be restricted from entering new orders or quotes when 100% of a threshold for any of the following order velocity checks is reached. Order and quote cancel requests will continue to be accepted, and fill/cancel reports will continue to be sent by the Exchange during this state.

- Velocity check for number of orders entered over 1 and 5 minute time periods.
- Velocity check for contracts executed from orders over 1 and 5 minute time periods.
- Velocity check for number of limit price reasonability violations over 1 and 5 minute time periods.
- Velocity check for number of drill through occurrences over 1 and 5 minute time periods.

TPHs will be notified via email when 50%, 75%, 90%, and 100% of an established threshold is reached during a given time period.

Once a velocity protection is triggered, the TPH's designated representative must contact the CBOE Help Desk at helpdesk@cboe.com in order to re-activate restricted logins or acronyms.

The Maximum Quote and Order Size check will also be activated on July 17, 2017. This check will reject quotes, simple orders, and complex orders if the size is greater than the threshold set by a TPH for an acronym or login. Complex orders will use the size of the largest option leg on the order for this check.

TPH organizations are required to submit thresholds for the above risk controls along with the names of the TPH representatives designated to instruct the Help Desk to "kill" or re-activate logins by Monday, August 31, 2017. Please contact the CBOE Help Desk for the forms necessary to submit this information. TPHs that join the Exchange after the activation date for these risk controls will not be able to submit orders or quotes until the thresholds have been established.

Additional information:

For additional information regarding operational matters, please contact the CBOE Help Desk at helpdesk@cboe.com or 866-728-2263.