

EXHIBIT 5A

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

(currently effective)

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Rule 1.1. Definitions

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[Continuous Electronic Quotes

A Market-Maker who is obligated to provide continuous electronic quotes is deemed to have provided “continuous electronic quotes” if the Market-Maker provides electronic two-sided quotes for 90% of the time the Market-Maker is required to provide electronic quotes in an appointed option class on a given trading day during the applicable trading session. Compliance with this quoting obligation applies to all of a Market-Maker’s appointed classes collectively (with respect to each Market-Maker type as the Market-Maker is approved to act). The Exchange will determine compliance by a Market-Maker with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a Market-Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Market-Maker for failing to meet this obligation each trading day. Market-Maker continuous electronic quoting obligations may be satisfied by Market-Makers either individually or collectively with Market-Makers of the same TPH organization.

If a technical failure or limitation of a system of the Exchange prevents the Market-Maker from maintaining, or prevents the Market-Maker from communicating to the Exchange, timely and accurate electronic quotes in a class, the duration of such failure shall not be considered in determining whether the Market-Maker has satisfied the 90% quoting standard with respect to that option class. The Exchange may consider other exceptions to this continuous electronic quote obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.]

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Rule 6.1A. Global Trading Hours

(a)-(d) No change.

[(e) Appointments.

(i) A Market-Maker's appointment to a class during Regular Trading Hours does not apply during Global Trading Hours. Market-Makers may request appointments for Global Trading Hours in accordance with Rule 8.3 and this subparagraph (i). Notwithstanding Rule 8.3(c), a Market-Maker can create a Virtual Trading Crowd ("VTC") appointment, which confers the right to quote electronically during Global Trading Hours in the appropriate number of classes selected from the Global Trading Hours tier and related appointment costs as follows:

Tier	Classes	Appointment Cost
Global Trading Hours	• Options on the Cboe Volatility Index (VIX)	.4
	• Options on the Standard & Poor's 500 (SPX)	.4
	• Options on the Mini-SPX Index (XSP)	.1

Each Global Trading Hours Trading Permit held by a Market-Maker has an appointment credit of 1.0. A Market-Maker may select for each Global Trading Hours Trading Permit the Market-Maker holds any combination of Global Trading Hours classes, whose aggregate appointment cost does not exceed 1.0.

(ii) Obligations. Notwithstanding the 20% contract volume requirement in Rule 8.7(d)(ii), Market-Makers with appointments during Global Trading Hours must comply with the quoting obligations set forth in Rule 8.7(d)(ii) (except during Global Trading Hours the Exchange may determine to have no bid/ask differential requirements as set forth in subparagraph (A) and there will be no open outcry quoting obligation as set forth in subparagraph (C)) and all other obligations set forth in Rule 8.7 during that trading session. Additionally, notwithstanding the 90-day and next calendar quarter delay requirements in Rule 8.7(d), a Market-Maker with an Global Trading Hours appointment in a class must immediately comply with the quoting obligations in Rule 8.7(d)(ii) during Global Trading Hours.

(iii) Lead Market-Makers.

(A) The Exchange may approve one or more Market-Makers to act as LMMs in each class during Global Trading Hours in accordance with Rule 8.15 for terms of at least one month.

(B) During Global Trading Hours, LMMs must comply with the continuous quoting obligation and other obligations of Market-Makers set forth in subparagraph (ii) above but not with the obligations in Rule 8.15. LMMs do not receive a participation entitlement as set forth in Rules 6.45 and 8.15 during Global Trading Hours.

(iv) Market-Maker Orders. An order submitted during Global Trading Hours by a Trading Permit Holder that is a Market-Maker in the class for Regular Trading Hours but not Global Trading Hours may be eligible for Market-Maker treatment. If the Rules impose any percentage limit on “off-floor orders” of Market-Makers in a class, then such an order will be considered an “off-floor order” that counts toward that percentage limit.]

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[Rule 8.1. Market-Maker Defined

A Market-Maker (“Market-Maker” or “market maker”) is an individual Trading Permit Holder or a TPH organization that is registered with the Exchange for the purpose of making transactions as dealer-specialist on the Exchange in accordance with the provisions of this Chapter.

Registered Market-Makers are designated as specialists on the Exchange for all purposes under the Securities Exchange Act of 1934 and the Rules and Regulations thereunder. Only transactions that are effected in accordance with Interpretation and Policy .03 under Rule 8.7 shall count as Market-Maker transactions for the purposes of this Chapter and Rules 3.1 and 12.3(f).]

[Rule 8.2. Registration of Market-Makers

(a) An applicant for registration as a Market-Maker shall file an application in writing with the TPH Department on such form or forms as the Exchange may prescribe. Applications shall be reviewed by the Exchange, which shall consider an applicant’s ability as demonstrated by passing a Trading Permit Holder’s examination prescribed by the Exchange, and such other factors as the Exchange deems appropriate. After reviewing the application, the Exchange shall either approve or disapprove the applicant’s registration as a Market-Maker

(b) The registration of a Market-Maker may be suspended or terminated by the Exchange upon a determination that the Market-Maker has failed to properly perform as a Market-Maker.

(c) Any Trading Permit Holder or prospective Trading Permit Holder adversely affected by a determination of the Exchange under this Rule may obtain a review thereof in accordance with the provisions of Chapter XIX.]

[Rule 8.3. Appointment of Market-Makers

(a)

(i) In a manner prescribed by the Exchange, a registered Market-Maker may select an Appointment (having the obligations of Rule 8.7(b), as appropriate) in one or more classes of option contracts and in one or more trading sessions. A Market-Maker's appointment during one trading session does not apply to another trading session. The Exchange may also appoint a registered Market-Maker in one or more classes of option contracts and in one or more trading sessions. In making such Appointments, the Exchange shall give attention to (a) the preference of registrants; (b) the maintenance and enhancement of competition among Market-Makers in each class of contracts; (c) assuring that financial resources available to a Market-Maker enable him to satisfy the obligations set forth in Rule 8.7 with respect to each class of option contracts to which he is appointed; and (d) the impact additional Market-Makers will have on Exchange systems capacity. Limitations on appointments due to Exchange systems capacity shall be in accordance with Interpretations and Policies .01 to Rule 8.3A. The Exchange may arrange two or more classes of contracts into groupings based on, among other things, similar trading locations on the floor, and may make Appointments to those groupings rather than to individual classes. The Exchange may suspend or terminate any Appointment of a Market-Maker under this rule and may make additional Appointments whenever, in the Exchange's judgment, the interests of a fair and orderly market are best served by such action.

(ii) In the event a Market-Maker is a nominee of a TPH organization, the TPH organization with which the Market-Maker is associated can request that the Exchange deem all class appointments be made to the TPH organization instead of to the individual Market-Maker. If such a request is made, the individual Market-Maker will continue to have all of the obligations of a Market-Maker under Exchange rules, except that the submission of electronic quotations and orders will be made by and on behalf of the TPH organization with which the individual Market-Maker is associated.

(b) No Appointment of a Market-Maker shall be made without the Market-Maker's consent to such Appointment, provided that refusal to accept an Appointment may be deemed a sufficient cause for termination or suspension of a Market-Maker's registration.

(c) Market-Maker Appointments. Absent an exemption by the Exchange, an appointment of a Market-Maker confers the right to quote electronically and in open outcry in the Market-Maker's appointed classes during Regular Trading Hours as described below. Subject to paragraph (e) below, a Market-Maker may change its appointed classes upon advance notification to the Exchange in a form and manner prescribed by the Exchange.

(i) VTC Appointments. Subject to paragraphs (c)(iv) and (e) below, a Market-Maker can create a Virtual Trading Crowd ("VTC") appointment, which confers the right to quote electronically during Regular Trading Hours in an appropriate number of classes selected from "tiers" that have been structured according to trading volume statistics, except for the AA tier. All classes within a specific tier will be assigned an

“appointment cost” depending upon its tier location. The following table sets forth the tiers and related appointment costs.

Tier	Hybrid Option Classes	Appointment Cost
AA	Options on the Cboe Volatility Index (VIX)	.499**
	Options on the Standard & Poor’s 500 Index (SPX)	1.0**
	Options on the iShares Russell 2000 Index Fund (IWM)	.25
	Options on the NASDAQ 100 Index (NDX)	.50
	Options on the S&P 100 (OEX)	.40
	Options on Standard & Poor’s Depository Receipts (SPY)	.25
	Options on the Russell 2000 Index (RUT)	.50
	Options on the S&P 100 (XEO)	.10
	Morgan Stanley Retail Index Options (MVR)	.25
	Options on the iPath S&P 500 VIX Short-Term Futures	.10
	Index ETN (VXX)	.001
	Options on the S&P Energy Select Sector Index (SIXE)	.001
	Options on the S&P Technology Select Sector Index (SIXT)	.001
	Options on the S&P Health Care Select Sector Index (SIXV)	.001
	Options on the S&P Utilities Select Sector Index (SIXU)	.001
	Options on the S&P Consumer Staples Select Sector Index (SIXR)	.001
	Options on the S&P Industrials Select Sector Index (SIXI)	.001
	Options on the S&P Consumer Discretionary Select Sector Index (SIXY)	.001
	Options on the S&P Materials Select Sector Index (SIXB)	.001

	Options on the S&P Real Estate Select Sector Index (SIXRE)	.001
	Options on the S&P Communication Services Select Sector Index (SIXC)	.001
A*	Hybrid Classes 1 - 60	.10
B*	Hybrid Classes 61 - 120	.05
C*	Hybrid Classes 121 - 345	.04
D*	Hybrid Classes 346 - 570	.02
E*	Hybrid Classes 571 - 999	.01
F*	All Remaining Hybrid Classes	.001
* Excludes Tier AA.		
** If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 8.14, the SPX or VIX_appointment cost, as applicable, confers the right to trade in all SPX or VIX groups.		

(ii) Open Outcry. During Regular Trading Hours, a Market-Maker has an appointment to trade open outcry in all Hybrid classes traded on the Exchange. A TPH organization that is registered as a Market-Maker may only trade in open outcry through one of its nominees. A Market-Maker must be physically present in the trading crowd to trade in open outcry.

(iii) Reserved

(iv) Each Regular Trading Hours Trading Permit held by a Market-Maker has an appointment credit of 1.0. A Market-Maker may select for each Regular Trading Hours Trading Permit the Market-Maker holds any combination of Hybrid classes whose aggregate appointment cost does not exceed 1.0. The Exchange will rebalance the tiers (excluding the "AA" tier above and the Global Trading Hours tier in Rule 6.1A) set forth in subparagraph (i) above once each calendar quarter, which may result in additions or deletions to their composition, and announce such rebalances via Regulatory Circular at least ten (10) business days before the rebalance takes effect. When a class changes tiers it will be assigned the appointment cost of that tier. Upon rebalancing, each Market-Maker with a VTC appointment will be required to hold the appropriate number of Regular Trading Hours Trading Permits reflecting the revised appointment costs of the Hybrid classes constituting the Market-Maker's appointment. If, after 3:30 p.m. (Central

Time) on the business day before a rebalance is to take effect, a Market-Maker with a VTC appointment holds a combination of appointments whose aggregate revised appointment cost is greater than the number of Regular Trading Hours Trading Permits that Market-Maker holds, the Market-Maker will be assigned as many Regular Trading Hours Trading Permits as necessary to ensure that the Market-Maker no longer holds a combination of appointments whose aggregate revised appointment cost is greater than the number of Regular Trading Hours Trading Permits that Market-Maker holds.

(v) A Market-Maker may submit electronic quotations away from Cboe Options's trading floor in the Market-Maker's appointed Hybrid classes. While on the trading floor, a Market-Maker is not required to be present in the trading station where a class is located in order to stream electronic quotations into the class.

(d) A Trading Permit Holder or prospective Trading Permit Holder adversely affected by a determination made by the Exchange under this Rule, including the denial of an appointment in a particular class, may obtain a review thereof in accordance with the provisions of Chapter XIX.

(e) The Exchange in its discretion may determine to establish one or more types of "tier appointments." A "tier appointment" means an appointment to trade one or more options classes that must be held by a Market Maker to be eligible to trade the options class or options classes subject to that appointment. The Exchange shall announce the types of tier appointments that it has established. A Market-Maker that seeks to trade an options class or options classes subject to a tier appointment must submit an application for that tier appointment in accordance with, and subject to the same terms and conditions as, the application process set forth for Trading Permits in paragraph (b) of Rule 3.1. Issuance of tier appointments shall be in accordance with, and subject to the same terms and conditions as, the issuance processes set forth for Trading Permits in paragraph (b) of Rule 3.1. A Market-Maker that is issued a tier appointment must designate to the Exchange the Trading Permit with which that tier appointment is associated, and may designate no more than one tier appointment per Trading Permit. A tier appointment shall be for the same term as the Trading Permit with which that tier appointment is associated. Termination, change, renewal, and transfer of tier appointments shall be in accordance with, and subject to the same terms and conditions as, the processes set forth for Trading Permits in paragraphs (c) and (d) of Rule 3.1. Tier appointments shall be subject to such fees and charges as are established by the Exchange from time to time pursuant to Rule 2.1 and the Exchange Fee Schedule. In accordance with, and subject to same terms and conditions as, the processes set forth for Trading Permits in subparagraphs (a)(vi) – (a)(viii) of Rule 3.1, the Exchange shall have the authority with respect to any type of tier appointment it has determined to establish to limit or reduce the number of that type of tier appointment, to increase the number of that type of tier appointment, and to establish objective standards to be issued, or to have renewed, that type of tier appointment. Notwithstanding the foregoing, nothing in this rule shall eliminate or restrict the Exchange's authority to delist any product or to take any action (remedial or otherwise) under the Act, the Bylaws and the Rules, including without limitation the Exchange's authority to take disciplinary or market performance actions against a person with respect to which the Exchange has jurisdiction under the Act, the Bylaws and the Rules.

[Rule 8.3A. Deleted

. . . Interpretations and Policies:

.01 Deleted

.02 Deleted

.03 Deleted]

[Rule 8.4. Reserved

Reserved.]

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[Rule 8.6. Market-Maker Unit

Deleted August 15, 1974.]

[Rule 8.7. Obligations of Market-Makers

(a) General. Transactions of a Market-Maker should constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and no Market-Maker should enter into transactions or make bids or offers that are inconsistent with such a course of dealings.

(b) Appointment. With respect to each class of option contracts for which a Market-Maker holds an Appointment under Rule 8.3, a Market-Maker has a continuous obligation to engage, to a reasonable degree under the existing circumstances, in dealings for the Market-Maker's own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Without limiting the foregoing, a Market-Maker is expected to perform the following activities in the course of maintaining a fair and orderly market:

(i) To compete with other Market-Makers to improve markets in all series of options classes comprising the Market-Maker's appointment at the trading station where a Market-Maker is physically present or into which a Market-Maker is quoting electronically.

(ii) To make markets which, absent changed market conditions, will be honored in accordance with Rule 8.51, in all series of options classes in which the Market-Maker quotes. Each Market-Maker will communicate to the Exchange its bid and offers in accordance with the requirements of Rule 602 of Regulation NMS under the Exchange Act and the rules of the Exchange.

(iii) To update market quotations in response to changed market conditions in the Market-Maker's appointed options classes at the trading station where a Market-Maker is present or at the trading station into which a Market-Maker quotes electronically and to assure that any market quote it causes to be disseminated is accurate.

(A) With respect to trading in appointed classes:

(1) Market-Makers who are physically present in a trading station may enter quotes and orders in their appointed classes by public outcry in response to a request for a quote or, in classes in which Hybrid is implemented, through an Exchange-approved electronic interface via an Exchange-approved quote generation device.

(2) Market-Makers may also enter quotes and orders in their appointed Hybrid classes through an Exchange-approved electronic interface via an Exchange-approved quote generation device.

(3) Market-Makers may also submit orders for automatic execution in accordance with the requirements of Rule 6.13.

(B) With respect to trading in non-appointed classes, Market-Makers may submit orders for automatic execution in accordance with the requirements of Rules 6.8 or 6.13.

(iv) To price options contracts fairly by, among other things, bidding and/or offering in accordance with the bid/ask differential requirements determined by the Exchange on a class by class basis.

(c) Classes of Option Contracts other than those to which appointed. With respect to classes of option contracts in which a Market-Maker does not hold an Appointment, a Market-Maker should not engage in transactions for an account in which the Market-Maker has an interest which are disproportionate in relation to, or in derogation of, the performance of his obligations as specified in paragraph (b) of this Rule with respect to those classes of option contracts to which the Market-Maker does hold Appointments.

(d) Market-Making Obligations

Unless otherwise provided in this Rule, Market-Makers remain subject to all obligations imposed by Cboe Options Rule 8.7. To the extent another obligation contained elsewhere in Rule 8.7 is inconsistent with an obligation contained in paragraph (d) of Rule 8.7 with respect to a class, this paragraph (d) shall govern.

For Regular Trading Hours, these requirements are applicable on a per class basis, except as set forth in paragraph (ii)(B) below, depending upon the percentage of volume a Market-Maker transacts in an appointed class during Regular Trading Hours electronically versus in open outcry. With respect to making this determination, the Exchange will monitor a Market-

Maker's trading activity in each appointed class during Regular Trading Hours every calendar quarter to determine whether it exceeds the threshold established in paragraph (d)(i). If a Market-Maker exceeds the threshold established below, the obligations contained in (d)(ii) will be effective the next calendar quarter.

For a period of ninety (90) days commencing immediately after a class begins trading on the Hybrid Trading System, the provisions of paragraph (d)(i) shall govern trading in that class.

(i) Market-Maker Trades 20% or Less Contract Volume in an Appointed Class Electronically:

If a Market-Maker on the Cboe Options Hybrid System never transacts more than 20% (i.e., trades 20% or less) of the Market-Maker's contract volume electronically in an appointed Hybrid class during Regular Trading Hours during any calendar quarter, the following provisions shall apply to that Market-Maker with respect to that class:

(A) Quote Widths: With respect to electronic quoting, Market-Makers must comply with the bid/ask differential requirements determined by the Exchange on a class-by-class and premium basis. For SPX, the Exchange may determine bid/ask differential requirements for series with expirations of (1) less than 15 months and (2) 15 months or more, and for all other classes, the Exchange may determine bid/ask differential requirements for series with expiration of (1) less than nine months and (2) nine months or more.

(B) Continuous Electronic Quoting Obligation: The Market-Maker will not be obligated to quote electronically in any designated percentage of series within that class. If a Market-Maker quotes electronically, its undecrement quote must be for the minimum number of contracts determined by the Exchange on a class-by-class basis, which minimum shall be at least one contract. For SPX, the Exchange may also determine minimum initial quote size on a premium basis and an expiration basis for series with expirations (1) no more than one week, (2) between one week and three months, (3) between three months and six months, (4) between six months and 15 months, and (5) 15 months or more.

(C) Continuous Open Outcry Quoting Obligation:

(i) In response to any request for quote by a floor broker, in-crowd Market-Makers must provide a two-sided market complying with the bid/ask differential requirements determined by the Exchange for a minimum number of contracts determined by the Exchange on a class by class basis, which minimum shall be at least one contract and which minimum can vary for non-broker-dealer orders and broker-dealer orders.

(ii) Market-Maker Trades More Than 20% Contract Volume in an Appointed Class Electronically:

If a Market-Maker transacts more than 20% of the Market-Maker's contract volume electronically in an appointed class during Regular Trading Hours during any calendar quarter, commencing the next calendar quarter the Market-Maker will be subject to the following quoting obligations in that class for as long as the Market-Maker maintains an appointment in that class:

(A) Quote Widths: Market-Makers must comply with the bid/ask differential requirements determined by the Exchange on a class-by-class and premium basis. For SPX, the Exchange may determine bid/ask differential requirements for series with expirations of (1) less than 15 months and (2) 15 months or more, and for all other classes, the Exchange may determine bid/ask differential requirements for series with expiration of (1) less than nine months and (2) nine months or more.

(B) Continuous Electronic Quoting Obligation: A Market-Maker will be required to maintain continuous electronic quotes in 60% of the non-adjusted option series of the Market-Maker's appointed classes that have a time to expiration of less than nine months. Compliance with this quoting obligation applies to all of a Market-Maker's appointed classes collectively (for which it must maintain continuous electronic quotes pursuant to this paragraph (ii)(B)). The Exchange will determine compliance by a Market-Maker with this quoting obligation on a monthly basis. However, determining compliance with this quoting obligation on a monthly basis does not relieve a Market-Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Market-Maker for failing to meet this obligation each trading day. The initial size of a Market-Maker's quote must be for the minimum number of contracts determined by the Exchange on a class-by-class basis, which minimum shall be at least one contract. For SPX, the Exchange may also determine minimum initial quote size on a premium basis and an expiration basis for series with expirations (1) no more than one week, (2) between one week and three months, (3) between three months and six months, (4) between six months and 15 months, and (5) 15 months or more. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. Market-Maker continuous electronic quoting obligations may be satisfied by Market-Makers either individually or collectively with Market-Makers of the same TPH organization.

(C) Continuous Open Outcry Quoting Obligation: In response to any request for quote by a Trading Permit Holder or PAR Official, in-crowd Market-Makers must provide a two-sided market complying with the bid/ask differential requirements determined by the Exchange for a minimum number of contracts determined by the Exchange on a class by class basis, which minimum shall be at least one contract and which minimum can vary for non-broker- dealer orders and broker-dealer orders.

(iii) The obligations and duties of Market-Makers set forth in paragraphs (d)(i) and (d)(ii) apply to a Market-Maker per trading session (e.g., if a Market-Maker has an appointment in a class during Regular Trading Hours and Global Trading Hours, the Exchange will determine a Market-Maker's compliance with the continuous electronic quoting requirement during Regular Trading Hours separately from compliance with the electronic quoting requirement during Global Trading Hours). Except as set forth in paragraph (d)(ii)(B), the obligations and duties of Market-Makers set forth in paragraphs (d)(i) and (d)(ii) apply to a Market-Maker on a per class basis, except for SPX if the Exchange lists SPX on a group basis pursuant to Rule 8.14 and determines to apply obligations and duties of SPX Market-Makers on a group basis, and only when the Market-Maker is quoting in a particular class during the applicable trading session on a given trading day. For

, if during a trading session on a given trading day a Market-Maker is quoting in 1 of its 10 appointed classes, the Market-Maker has quote width, continuous electronic quoting and, to the extent the Market-Maker is present in the trading crowd, continuous open outcry quoting obligations in that class, and the continuous electronic quoting obligation in subparagraph (d)(ii)(B) applies to 60% of the non-adjusted option series of that class that have a time to expiration of less than nine months while the Market-Maker is quoting. If during a trading session on a given trading day a Market-Maker is quoting in 3 of its 10 appointed classes, the Market-Maker has quote width and, to the extent the Market-Maker is present in the trading crowd, continuous open outcry quoting obligations in each of the 3 classes, and the continuous electronic quoting obligation in subparagraph (d)(ii)(B) applies to 60% of the non-adjusted option series of those three classes, collectively, that have a time to expiration of less than nine months while the Market-Maker is quoting. The obligations and duties are not applicable to an appointed class if a Market-Maker is not quoting in that appointed class.

(iv) A Market-Maker that is in the trading crowd but that is not quoting electronically or in open outcry in an appointed class must provide an open outcry two-sided market complying with the bid/ask differential requirements determined by the Exchange for a minimum number of contracts determined by the Exchange on a class by class basis, which minimum shall be at least one contract and which minimum can vary for non-broker-dealer orders and broker-dealer orders in response to a request for quote by a Trading Permit Holder or PAR Official directed at that Market-Maker or when, in response to a general request for a quote by a Trading Permit Holder or PAR Official, a market is not then being vocalized by a reasonable number of Market-Makers. A Market-Maker may also be called upon by a designated Exchange official designated to submit a single quote or maintain continuous quotes in one or more series of a class to which the Market-Maker is appointed whenever, in the judgment of such official, it is necessary to do so in the interest of maintaining a fair and orderly market.

. . . Interpretations and Policies:

.01 Price continuity is an ongoing obligation of Market-Makers and thus applies not only during Regular Trading Hours but also from the close of Regular Trading Hours on one business

day to the opening of Regular Trading Hours the next business day. Notwithstanding the foregoing, as set forth in paragraph (d)(ii)(B), the continuous electronic quoting obligation does not apply to intra-day add-on series on the day during which such series are added for trading.

.02 Market-Makers are expected ordinarily to refrain from purchasing a call option or a put option at a price more than \$0.25 below parity, although a larger amount may be appropriate considering the particular market conditions. In the case of calls, parity is measured by the bid in the underlying security, and in the case of puts, parity is measured by the offer in the underlying security. The \$0.25 amount above may be increased, or the provisions of this Interpretation may be waived, by the Exchange on a series-by-series basis.

.03 For purposes of Rule 8.7, respecting distribution of trading activity, at least 75% of a Market-Maker's total contract volume must be in option classes in which the Market-Maker has an appointment pursuant to Rule 8.3. Trading in nonappointed classes of options at the request of a Floor Official or DPM shall be deemed to be trading in appointed classes for purposes of this Interpretation. This percentage requirement applies to Market-Maker trading activity for each quarter of a calendar year, except for unusual circumstances as determined by the Exchange. The Exchange may assign a weighting factor based on volume to one or more classes or series of option contracts in connection with these requirements.

.04 The obligations of a Market-Maker with respect to those classes of option contracts to which the Market-Maker holds an Appointment shall take precedence over his other Market-Maker obligations.

.05 Unless an options class is exempted by the Exchange, under normal market conditions a Market-Maker's bid or offer for a series of options of unspecified size is for five contracts, except that a Market-Maker may be compelled to buy or sell a specific number of contracts at the disseminated bid or offer pursuant to his obligations under Rule 8.51.

.06 By making a verbal bid, a Market-Maker is also making an offer at the spread allowable in accordance with the bid/ask differential requirements determined by the Exchange on a class by class basis. By making a verbal offer, a Market-Maker is also making a bid at the spread allowed in accordance with the bid/ask differential requirements determined by the Exchange on a class by class basis.

.07 Reserved

.08 The Exchange or its authorized agent may calculate bids and asks for various indices for the sole purpose of determining permissible bid/ask differentials on options on these indices. These values will be calculated by determining the weighted average of the bids and asks for the components of the corresponding index. These bids and asks will be disseminated by the Exchange at least every fifteen seconds during the trading day solely for the purpose of determining the permissible bid/ask differential that market-makers may quote on an in-the-money option on the indices. For in-the-money series in index options where the calculated bid/ask differential is wider than the applicable differential determined by the Exchange in accordance with Rule 8.7(b)(iv), the bid/ask differential in the index option series may be as

wide as the calculated bid/ask differential in the underlying index. The Exchange will not make a market in the basket of stock comprising the indices and is not guaranteeing the accuracy or the availability of the bid/ask values.

The bid/ask values for those certain indices, which are calculated by the Exchange or its authorized agent, are disseminated for the purpose of determining permissible bid/ask differentials on in-the-money index option series, in accordance with interpretations to Rule 8.7. As such, the Exchange is not making a market in these indices and these values should not be relied upon as indicative of the market in the indices. The Exchange's liability in connection with the calculation and dissemination of these bid/ask values for indices is limited to the same extent as provided in Rule 24.12 in connection with the calculation and dissemination of current index values.

.09 The obligations and duties of Market-Makers set forth in Rule 8.7 paragraphs (a) and (b) apply to an in-crowd Market-Maker only when the in-crowd Market-Maker is present in the trading crowd and to a Market-Maker electronically quoting only when the Market-Maker is logged on to the Cboe Options Hybrid system. Market-Makers remain subject to Rule 8.7(d)(iv) while on the floor of the Exchange.

.10 Market-Makers may display indicative spread prices on the websites of TPH organizations through a system licensed from a third party, developed by the Exchange or otherwise. Such indicative prices shall not be regarded as firm quotes, and a Market-Maker shall not be obligated to execute at the indicative prices spread orders that are entered into the market.

.11 The obligation of Market-Makers to make competitive markets under Rule 8.7 does not preclude Trading Permit Holders in a trading crowd from discussing a request for a market that is greater than the disseminated size for that option class, for the purpose of making a single bid (offer) based upon the aggregate of individual bids (offers) by Trading Permit Holders in the trading crowd, but only when the Trading Permit Holder representing the order asks for a single bid (offer). Whenever a single bid (offer) pursuant to this paragraph is made, such bid (offer) shall be a firm quote and each member of the trading crowd participating in the bid (offer) shall be obligated to fulfill his portion of the single bid (offer) at the single price.

.12 When the underlying security for a class is in a limit up-limit down state, as defined in Rule 6.3A, Market-Makers shall have no quoting obligations in the class.]

[Rule 8.8. Restriction on Acting as Market-Maker and Floor Broker

Except under unusual circumstances and with the prior permission of a Floor Official, no Trading Permit Holder shall, on the same business day, act as a Market-Maker and also act as a Floor Broker (i) with respect to option contracts traded at a given station, or (ii) in any security determined by the Exchange to be related to such a security.

. . . Interpretations and Policies:

.01 The word “station” means a location on the trading floor, at which classes of option contracts are traded, which classes of options compose all or part of a Market-Maker appointment. The word “station” is synonymous with the term “trading crowd.”

.02 For purposes of this Rule, the Exchange has determined that index options (as provided in Chapter XXIV), index participations, index warrants and index UIT interests, based on either the Standard & Poor’s 100-Stock Price Index or the Standard & Poor’s 500-Stock Price Index are all related to each other.

.03 A Trading Permit Holder who issues a commitment to trade from the Exchange through ITS or any other application of the System shall, as a consequence thereof, be deemed for purposes of this Rule to have engaged in a transaction in such security.]

[Rule 8.9. Securities Accounts and Orders of Market-Makers

(a) Identification of Accounts Upon Request. A Market-Maker for options on Units, as defined in Rule 5.3 Interpretation & Policy .06, is obligated to conduct all trading in options on Units in account(s) that have been reported to the Exchange. In addition, in a manner prescribed by the Exchange, each Market-Maker shall upon request file with the Exchange a list identifying all accounts for stock, option, securities trading pursuant to these Rules, non-U.S. currency, non-U.S. currency options, futures or options on futures on such currency, any other derivatives based on such currency, physical commodities, physical commodity options, commodity futures contracts, options on commodity futures contracts, any other derivatives based on such commodity and related securities trading in which the Market-Maker may, directly or indirectly, engage in trading activities or over which he exercises investment discretion. No Market-Maker shall engage in trading in stock, options, non-U.S. currency, non-U.S. currency options, futures or options on futures on such currency, or any other derivatives based on such currency, physical commodities, physical commodity options, commodity futures, contracts, options on commodity futures contracts, any other derivatives based on such commodity or related securities trading in an account which has not been reported in a manner prescribed by the Exchange.

(b) Reports of Orders. Each Market-Maker shall, upon the request of the Exchange and in the prescribed form, report to the Exchange every order entered by the Market-Maker for the purchase or sale of (i) a security underlying options traded on the Exchange, or (ii) a security convertible into or exchangeable for such underlying security, as well as opening and closing positions in all such securities held in each account reported pursuant to paragraph (a) of this Rule. The report pertaining to orders must include the terms of each order, identification of the brokerage firms through which the orders were entered, the times of entry or cancellation, the times report of execution were received and, if all or part of the order was executed, the quantity and execution price.

(c) Joint Accounts. No Market-Maker shall, directly or indirectly, hold any interest or participate in any joint account for buying or selling any option contract unless each participant in such joint account is a Trading Permit Holder and unless such account is reported to and not

disapproved by the Exchange. Such reports in form prescribed by the Exchange shall be filed with the Exchange before any transaction is effected on the Exchange for such joint account.

. . . Interpretations and Policies:

.01 A participant in a joint account must be either (i) a Market-Maker having an appointment under Rule 8.7(b) or (ii) a Clearing Trading Permit Holder which carries the joint account. A Market-Maker may participate in a joint account on behalf of a TPH organization with which he is associated. Market-Makers participating in a joint account may be associated with the same TPH organization.

.02 Each participant in a joint account must file with the TPH Department and thereafter keep current a completed application on such form as is prescribed by the Exchange.

Upon determination by the TPH Department not to disapprove a joint account, notice will be promptly mailed to all Trading Permit Holders.

.03 For purposes of evaluating Market-Maker performance in accordance with Rule 8.7.03, trading activity in a joint account shall be credited to the Market-Maker either individually or collectively with the Market-Makers of the same member organization.

.04 Each participant in a joint account and each TPH organization with which a participant is associated shall be jointly and severally responsible for assuring that the account complies with the provisions of the Exchange BYlaws, Rules and Interpretations thereof.

.05 To compute the positions or exercises attributable to each participant in a joint account for purposes of determining compliance with Rules 4.11 and 4.12, positions or exercises in the joint account shall be aggregated with all positions or exercises in options covering the same underlying security which any participant or any TPH organization associated with a participant controls. Whether a participant "controls" another option position shall be determined in the manner described in Interpretation .03 to Exchange Rule 4.11.

.06 No participant in a joint account shall effect a transaction, in person or via order, either for his own account or for the joint account, with another Trading Permit Holder acting on behalf of the joint account.

.07 Reports of accounts and orders required to be filed pursuant to paragraphs (a) and (b) of Rule 8.9 relate only to accounts in which a Market-Maker, individually, directly or indirectly, controls trading activities or has a direct interest in the profits or losses of such accounts. Thus, reports would be required for accounts over which a Market-Maker exercises investment discretion as well as for his proprietary accounts. For purposes of Rule 8.9, related securities include securities convertible into or exchangeable for underlying securities.

.08 Each participant in a joint account shall be jointly and severally liable for any losses which may be incurred by the joint account; however, in the case where a participant in a joint account is a nominee of a TPH organization, and the participant is not acting as an independent

Market-Maker pursuant to Rule 3.8(d), the TPH organization and not the participant shall be so liable.]

[Rule 8.10. Financial Arrangements of Market-Makers

Each Market-Maker who makes an arrangement to finance his transactions as a Market-Maker must identify to the Exchange the source of the financing and its terms. The Exchange must be informed immediately of the intention of any party to terminate or change any such arrangement.]

[Rule 8.11. Reserved

Reserved.]

[Rule 8.13. Preferred Market-Makers

(a) Generally. The Exchange may allow, on a class-by-class basis, for the receipt of marketable orders, through the Exchange's Order Handling System when the Exchange's disseminated quote is the NBBO, that carry a designation from the Trading Permit Holder transmitting the order that specifies a Market-Maker in that class as the PMM for that order. A qualifying recipient of a PMM order shall be afforded a participation entitlement as set forth in subparagraph (c) below.

(b) Eligibility. Any Exchange Market-Maker type (e.g. LMM and DPM) may be designated as a PMM, however, the System is programmed so that a recipient of a PMM order will only receive a participation entitlement for such order if the following provisions are met:

(i) The PMM has an appointment/allocation in the relevant option class.

(ii) The PMM is quoting at the best bid/offer on the Exchange.]

(c) No change.

[(d) Quoting Obligations: The PMM must comply with the quoting obligations applicable to its Market-Maker type under Exchange rules and must provide continuous electronic quotes in at least the lesser of 99% of the non-adjusted option series that have a time to expiration of less than nine months or 100% of the non-adjusted option series that have a time to expiration of less than nine months minus one call-put pair, with the term "call-put pair" referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. Compliance with this quoting obligation applies to all of a PMM's classes for which it receives PMM orders collectively. The Exchange will determine compliance by a PMM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a PMM from meeting this quoting obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a PMM for failing to meet this obligation each trading day. PMM

continuous electronic quoting obligations may be satisfied by PMMs either individually or collectively with PMMs of the same TPH organization.

. . . Interpretations and Policies:

.01 The Exchange may allow, on a class-by-class basis, for the receipt of PMM complex orders through the complex order book (COB) and/or complex order RFQ auction (COA) systems, and a qualifying recipient of a PMM complex order shall be afforded a participation entitlement as set forth below.

(a) Eligibility. Any Exchange Market-Maker type may be designated as a PMM, however, the System is programmed so that a recipient of a PMM complex order will only receive a participation entitlement for such complex order if the following provisions are met:

(i) The PMM has an appointment/allocation in the relevant option class.

(ii) With respect to participation entitlements for COB, the PMM is quoting at the best net priced bid/offer when the order is received.

(iii) With respect to participation entitlements for COA:

(1) at the beginning of the auction, the PMM is quoting at either (A) the BBO in at least one of the component series of the complex order or (B) the Exchange spread market for the complex order; and

(2) at the conclusion of the auction, the PMM is quoting at the best net priced bid/offer.

(b) Entitlement Rate. Provided the provisions of paragraph (a) above have been met, the PMM participation entitlement is the greater of one contract or 40% when there are two or more other Market-Maker quotes or broker-dealer orders at the Exchange spread market execution price, and 50% when there is one other Market-Maker quote or broker-dealer order at the Exchange spread market execution price. In addition, the following shall apply:

(i) the PMM would not be allocated a total quantity greater than the quantity that the PMM is quoting at the Exchange spread market execution price;

(ii) the entitlement would be based on the number of contracts remaining after equivalent derived net priced orders and quotes in the Book and equivalent net priced priority customer complex orders resting in COB that have priority over PMM in accordance with Rule 6.53C; and

(iii) if a PMM receives a participation entitlement for a complex order resting in COB or a response to COA, then no other participation entitlements for complex orders set forth in Rules shall apply to complex orders resting in COB or entered in response to COA.

(c) Quoting Obligations: A PMM is subject to the requirements of Rule 8.13(d) above.

.02 Rule 8.13(d) does not require a PMM to provide continuous electronic quotes in intra-day add-on series or series that have a time to expiration of nine months or more in the classes for which it receives PMM orders. However, a PMM may still receive a participation entitlement in such series if it elects to quote in such series and otherwise satisfies the requirements set forth in Rule 8.13(b).

.03 When the underlying security for a class is in a limit up-limit down state, as defined in Rule 6.3A, PMMs shall have no quoting obligations in the class. However, a PMM may still receive a participation entitlement in series of such a class when the underlying security is in a limit up-limit down state if it elects to quote in such series and otherwise satisfies the requirements set forth in Rule 8.13(b).

.04 If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 8.14, obligations of an SPX Market-Maker designated as a PMM, as set forth in Rule 8.13, apply on a class basis, unless the Exchange determines to apply obligations on a group basis]

[Rule 8.14. Hybrid Trading System Platforms & Market-Maker Participants

(a) Generally: The Exchange may authorize any class of options for trading on the Hybrid Trading System. The Exchange may determine, and change, whether Market-Makers, DPMs, and/or LMMs are eligible for appointments in each such class.

(b) Each class designated for trading on the Hybrid Trading System or the Hybrid 3.0 Platform shall have a DPM or LMM. The Exchange may determine to designate classes for trading on Hybrid without a DPM or LMM provided the following conditions are satisfied:

- (1) There are at least four (4) Market-Makers quoting in the class; and
- (2) Each Market-Maker with an appointment in the class is subject to the continuous quoting obligations imposed by Rule 8.7(d).

. . . Interpretations and Policies:

.01 The Exchange may determine to list SPX or VIX on a group basis. The Exchange will also have the authority to change the eligible categories of Market-Makers participants for each group. In addition, the following shall apply:

(a) The Exchange shall assign a DPM or LMM to the group of series. The Exchange may determine to designate the group of series for trading without a DPM or LMM provided the conditions set forth in paragraph (b) of Rule 8.14 above are satisfied with respect to the group.

(b) Market-Maker appointments will apply on a class basis, except DPM and LMM appointments will apply only to the group of series to which the respective DPM or LMM is assigned, if applicable.

(c) System trading parameters will be established by the Exchange on a group basis to the extent the Rules otherwise provide for such parameters to be established on a class basis.]

[Rule 8.15. Lead Market-Makers

(a) Assignment, Removal, and Evaluation of LMMs: The Exchange may appoint one or more Market-Makers in good standing with an appointment in a class for which a DPM has not been appointed as Lead Market-Makers (“LMMs”). The Exchange will appoint an LMM for a term of no less than the time until the end of the then-current expiration cycle (“term”), which appointment may be to a class with one or more LMMs. The Exchange may arrange the series of a class into groups and may appoint LMMs to those groups rather than to an individual option class.

(i) Factors to be considered by the Exchange in selecting LMMs include: adequacy of capital, experience in trading options, presence in the trading crowd, adherence to Exchange rules and ability to meet the obligations specified below.

(ii) Removal of an LMM may be effected by the Exchange on the basis of the failure of the LMM to meet the obligations set forth below, or any other applicable Exchange rule. An LMM removed under this rule may seek review of that decision under Chapter XIX of the Rules.

(iii) If an LMM is removed or if for any reason an LMM is no longer eligible for or resigns its appointment or fails to perform its duties, the Exchange may appoint one or more interim LMMs for the remainder of the term or shorter time period designated by the Exchange.

(iv) The Exchange will review and evaluate the conduct of LMMs, including but not limited to compliance with Rules 8.1, 8.2, 8.3, and 8.7.

(b) LMM Obligations: Each LMM must fulfill all the obligations of a Market-Maker under the Rules and satisfy each of the following requirements:

(i) provide continuous electronic quotes in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair, with the term “call-put pair” referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. Compliance with this quoting obligation applies to all of an LMM’s appointed classes collectively. The Exchange will determine compliance by an LMM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve an LMM from meeting this obligation on a daily basis, nor

does it prohibit the Exchange from taking disciplinary action against an LMM for failing to meet this obligation each trading day. In option classes in which both an On-Floor LMM and an Off-Floor DPM or Off-Floor LMM have been appointed, the On-Floor LMM will not be obligated to comply with this paragraph (b)(i) and instead will be obligated to comply with the obligations of Market-Makers in Rule 8.7(d). In an option class in which the Exchange appointed an On-Floor LMM that has open-outcry obligations only, that On-Floor LMM will not be obligated to comply with this paragraph (b)(i) and instead will be obligated to comply with the obligations of Market-Makers in Rule 8.7(d) and have a designee in the class's crowd on the trading floor for the entire trading day (except for a de minimis amount of time). LMM continuous electronic quoting obligations may be satisfied by LMMs either individually or collectively with LMMs of the same TPH organization;

(ii) assure that its market quotations are accurate;

(iii) comply with the bid/ask differential requirements determined by the Exchange on a class- by-class basis;

(iv) assure that its market quotations comply with the minimum size requirements prescribed by the Exchange, which minimum must be at least one contract;

(v) 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 (see Rule 6.2(d)(i)(A) or (ii)(A)) and participate in other rotations described in Rule 6.2 (including the modified opening rotation set forth in Interpretation and Policy .01) or 24.13, as applicable. In option classes in which both an On-Floor LMM and an Off-Floor DPM or Off-Floor LMM have been appointed, the obligation set forth in this paragraph (b)(v) will be that of the Off-Floor DPM or Off-Floor LMM and not the On-Floor LMM. In an option class in which the Exchange appointed an On-Floor LMM that has open-outcry obligations only, that On-Floor LMM will not be obligated to comply with this paragraph (b)(v);

(vi) make competitive markets on the Exchange and otherwise promote the Exchange in a manner that is likely to enhance the ability of the Exchange to compete successfully for order flow in the classes it trades;

(vii) continue to act as an LMM and fulfill the obligations of an LMM until the end of its term or until the Exchange relieves the LMM of its approval to act as an LMM or of its appointment and obligations to act as an LMM in a particular class; and

(viii) immediately notify the Exchange of any material operational or financial changes to the LMM organization as well as obtain the Exchange's approval prior to effecting changes to the ownership, capital structure, voting authority, distribution of profits/losses, or control of the LMM organization.]

(c) - (d) No change.

. . . Interpretations and Policies:

.01 An LMM generally will operate on Cboe Options's trading floor ("On-Floor LMM"). However, as provided below, an LMM can request that the Exchange authorize the LMM to function remotely away from Cboe Options's trading floor ("Off-Floor LMM") on a class-by-class basis.

(a) An LMM can request that the Exchange authorize it to operate as an Off-Floor LMM in one or more classes. The Exchange will consider the factors specified in paragraph (a)(i) above, as well as the factors applicable to Off-Floor DPMs specified in Rule 8.83(g), in determining whether to permit an LMM to operate as an Off-Floor LMM. If an LMM is approved to operate as an Off-Floor LMM in one or more classes, the Off-Floor LMM can have an LMM designee trade in open outcry in the classes to which the Off-Floor LMM is appointed, but the Off-Floor LMM will not receive a participation entitlement under Rule 8.15 with respect to orders represented in open outcry.

(b) An LMM that is approved to operate as an Off-Floor LMM in one or more Hybrid classes can request that the Exchange authorize it to operate as an On-Floor LMM in those option classes. In making a determination pursuant to this paragraph, the Exchange should evaluate whether the change is in the best interests of the Exchange, and may consider any information that it believes will be of assistance to it. Factors to be considered may include, but are not limited to, performance, operational capacity of the Exchange or LMM, efficiency, number and experience of personnel of the LMM who will be performing functions related to the trading of the applicable securities, number of securities involved, number of Market-Makers affected, and trading volume of the securities.

(c) Notwithstanding Rule 8.15(a): (i) in an option class in which an Off-Floor LMM or Off-Floor DPM has been appointed in accordance with this Rule 8.15 or Rule 8.83, as applicable, the Exchange in its discretion may also appoint an On-Floor LMM, which will be eligible to receive a participation entitlement under this Rule 8.15 with respect to orders represented in open outcry; and (ii) in a class in which the Exchange does not grant an electronic participation entitlement pursuant to Rule 6.45(a)(ii) and in which the Exchange did not appoint an Off-Floor LMM or Off-Floor DPM, the Exchange may appoint an On-Floor LMM that has open-outcry obligations only. If the Exchange in its discretion determines to reallocate a class in which an Off-Floor LMM or Off-Floor DPM has been appointed, the On-Floor LMM appointment will automatically terminate.

.02 When the underlying security for a class is in a limit up-limit down state, as defined in Rule 6.3A, LMMs will have no quoting obligations in the class. However, an LMM may still receive a participation entitlement in series of such a class when the underlying security is in a limit up- limit down state if it elects to quote in such series and otherwise satisfies the requirements set forth in Rule 8.15(d).

.03 Deleted

An LMM may receive a participation entitlement in intra-day add-on series on the day during which such series are added for trading if it elects to quote in such series and otherwise satisfies the requirements set forth in Rule 8.15(d).

.04 If the Exchange determines to list SPX on a group basis pursuant to Rule 8.14, obligations of an SPX Market-Maker designated as a Lead Market-Maker, as set forth in Rule 8.15, apply on a class basis, unless the Exchange determines to apply obligations on a group basis.]

[Rule 8.16. Deleted

Deleted]

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[Rule 8.17. Stopping of Option Orders

(a) General. Stopping an option order at a specified price represents a guarantee by a Market-Maker or DPM who “grants the stop” that the order of the Floor Broker who “accepts the stop” will be executed at the stop price or better. No Market-Maker or DPM is required to agree to grant, and no Floor Broker is required to accept, a stop.

(b) Conditions. A Market-Maker or DPM may grant a stop and a Floor Broker may accept a stop subject to all of the following conditions:

(1) When stopping a straight order or only the option portion of a buy-write, the Market-Maker or DPM shall make the trading crowd aware of the stop price and size.

(2) The Floor Broker shall time-stamp the card or ticket at the time that the stop is granted and accepted.

(3) The Market-Maker or DPM who grants a stop order must execute, if requested, one or more additional orders in the same series of options not to exceed, in aggregate, the total quantity of contracts included in the original stopped order at the same stop price.

(4) If a transaction occurs in the crowd at the stop price, the Floor Broker must immediately elect to execute the stop order at the stop price and size or release the Market-Maker or DPM from his guarantee.

(5) In improving on the stop price once a Floor Broker has accepted a stop, a Floor Broker must bid no more than one minimum increment less than the stop and must offer no more than one minimum increment greater than the stop.

(c) Priority Accorded Stopped Orders. Unless the order is in the public limit order book, a Market-Maker or DPM who has granted a stop has priority at the stop price over a new

crowd order, at the same limit, if the stopped order is properly time-stamped by the Floor Broker at the time the stop is granted and accepted.

(d) Notice to Customer. Within a reasonably practicable time after a customer's order has been stopped, the Floor Broker or, if different, the TPH organization handling the customer's account, shall so inform the customer.

(e) Reporting Executions of Stopped Orders. All executions of stopped orders shall be reported on the tape. In addition to other reporting information required under the Rules, the Trading Permit Holder with the responsibility for reporting the transaction must indicate the fact that a stopped order has been executed by writing the letters "ST" clearly on the card or ticket used to record and report transactions.

(f) Effect of Trading Halts on Stopped Orders. An order to buy that is stopped at the offer price prior to a halt in trading shall receive the stop price if, when the option reopens, it trades at the stop price or at a higher price. If the option reopens and trades at a lower price than the stop price, the stop is no longer effective since the market price is better than the stop price, and it is then the responsibility of the Floor Broker to execute the order at the best possible price. The same principles apply to a sell order that is stopped at a bid price.

(g) Liability for Stopped Orders. If an order is executed at a less favorable price than that agreed upon, the Market-Maker or DPM who granted the stop shall be liable for an adjustment of the difference between the two prices.]

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[Section B: Trading Crowds (Rules 8.51-8.61)]

[8.50. Deleted

Deleted]

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[Rule 8.52. Deleted

Deleted]

[8.60. Evaluation of Trading Crowd Performance

(a) The Exchange shall periodically evaluate the performance of DPMs, Market-Makers, and other Trading Permit Holders both individually and collectively as trading crowds in order to determine whether they are satisfactorily meeting their market responsibilities. For purposes of this rule, a DPM, a Market-Maker, other Trading Permit Holders or a trading crowd may be referred to as a market participant ("Market Participants"). The evaluation may depend in part on the results of a survey of Trading Permit Holders administered by the Exchange, designed to assist the Exchange in determining the absolute and relative performance of Market

Participants. The survey may consist of a questionnaire that solicits the views of Trading Permit Holders on the performance of Market Participants in respect of (1) quality of markets, (2) extent of competition in the crowd, (3) due diligence in representing orders as agent, (4) adherence to ethical standards, (5) carrying out administrative responsibilities, and (6) such other matters as the Exchange may deem relevant.

In addition to the survey, the Exchange may also consider any other relevant information, including but not limited to statistical measures of performance and such other factors and data as the Exchange may determine to be pertinent to the evaluation of Market Participants.

(b) The Exchange may find that a Market Participant has failed to satisfy its market responsibilities if it determines from the results of the evaluation that the Market Participant is ranked one or more standard deviations from the mean score of all Market Participants trading the same category of option, or if such a finding may reasonably be supported by any other relevant information known to the Exchange.

(c) A finding by the Exchange that a Market Participant has failed to satisfy its market responsibilities may result in one or more of the following actions, as determined by the Exchange: (1) suspension, termination, or restriction of the registration of a Market Participant (which may also include terminating, placing conditions upon, or otherwise limiting a Market Participant's approval to act as a DPM), (2) suspension, termination or restriction of an appointment to one or more option classes or other securities, (3) relocation or reallocation of option classes or other securities to other trading crowds, (4) prohibiting a Market Participant from trading at a particular trading station, (5) requiring the Market Participant to submit a business plan to the Exchange detailing those steps that the Market Participant intends to take to improve its performance, (6) requiring that one or more Market Participants in a crowd execute 100% of their opening transactions in that crowd in person, (7) restricting the eligibility of a crowd to be allocated new option classes or other securities, (8) requiring that one or more Market Participants attend a meeting or series of meetings as the Exchange shall require for the purpose of education or improving their performance as Market Participants, and (9) requiring that all bookable orders be booked if not executed immediately upon presentation in the crowd.

(d) Before taking any action authorized under paragraph (c) of this Rule, the Exchange shall give written notice to the Market Participant involved that the Exchange is considering taking such action and the basis for the action under consideration, and the Exchange shall afford the affected Market Participant an opportunity to appear before the Exchange. In the case of actions proposed to be taken pursuant to clauses (1) through (4) of paragraph (c), the appearance shall be at a formal hearing and a verbatim record of the hearing shall be kept. Market Participants appearing at such a hearing shall be entitled to be represented by counsel. In the case of actions proposed to be taken pursuant to clauses (5) through (11) of paragraph (c) that will not be imposed for a period longer than one year, the hearing need not be a formal one, but may instead consist of one or more informal meetings with the Exchange at which no verbatim record shall be required and to which neither counsel for the Exchange nor for the Market Participant will ordinarily be invited. The Market Participant receiving a notice pursuant to this paragraph (d) shall be required to appear at the formal hearing or informal meeting, as applicable, and may also submit a written statement to the Exchange. Formal rules of evidence

shall not apply at either formal hearings or informal meetings, and the Exchange shall decide all questions of procedure and the admissibility of evidence. If, after a formal hearing or informal meeting, the Exchange determines that the Market Participant has failed to satisfy the Market Participant's market responsibilities, the Exchange may take certain of the actions specified in paragraph (c) and shall furnish written notice to all affected Market Participants, which shall include the findings and conclusions of the Exchange and the action ordered by the Exchange. After a formal hearing, the Exchange may take any of the actions set forth in paragraph (c). After an informal meeting, the Exchange may only take those actions set forth in clauses (5) through (11) of paragraph (c).

(e) If, after receiving a notice of a formal hearing or informal meeting pursuant to paragraph (d) of this Rule, a Market Participant fails without reasonable justification or excuse to appear before or meet with the Exchange, the Exchange may take any of the actions specified in paragraph (c) of this rule that it believes to be appropriate. In addition, the Exchange may refer any Market Participant's unexcused failure to attend a hearing or meeting held in accordance with paragraph (d) for appropriate disciplinary action pursuant to Chapter XVII of the Rules.

(f) If the Exchange takes one or more actions specified in paragraph (c) of this Rule after a formal hearing, such action may be reviewed upon submission of a timely application for review by the Board of Directors or a panel of at least three members thereof whose decision must be ratified by the Board. Such application must be submitted to the Secretary of the Exchange within twenty days of service of the decision upon the Market Participant. Unless the Board decides otherwise, the review shall be limited to matters raised before the Exchange hearing or contained in the written notification. The Board review panel or the Chairman of the Board has the authority to grant or deny a stay of the Exchange's action. Any decision of the Exchange under this Rule may also be called for review by the Board on its own initiative within 30 days of service of the decision upon the Market Participant.

(g) Any action taken by the Exchange after an informal meeting in accordance with paragraph (c) (5) through (11) of this Rule may be appealed in accordance with Chapter XIX of the Rules.

. . . Interpretations and Policies:

.01 A Market-Maker may be considered to be a member of a trading crowd if he holds an appointment in the options classes at the trading station where such crowd is located or if he regularly effects transactions for his Market-Maker account at that station.

Rule 8.61. Reserved

Reserved.]

[Section C: Designated Primary Market-Makers (Rules 8.80-8.91)]

[Rule 8.80. DPM Defined

(a) A “Designated Primary Market-Maker” or “DPM” is TPH organization that is approved by the Exchange to function in allocated securities as a Market-Maker (as defined in Rule 8.1) and is subject to the obligations under Rule 8.85 or as otherwise provided under the rules of the Exchange. A DPM generally will operate on Cboe Options’s trading floor (“On-Floor DPM”). However, as provided in Rule 8.83(g), a DPM can request that the Exchange authorize the DPM to function remotely away from Cboe Options’s trading floor (“Off-Floor DPM”) on a class-by-class basis. A DPM can operate as an Off-Floor DPM only in option classes traded on Cboe Options’s Hybrid Trading System. Unless otherwise specified, references to DPM in Cboe Options’s Rules include both “On-Floor DPM” and “Off-Floor DPM”.

(b) Determinations concerning whether to grant or withdraw the approval to act as a DPM are made by the Exchange in accordance with Rules 8.83 and 8.90. DPMs are allocated securities by the Exchange in accordance with Rule 8.95.]

[Rule 8.81. DPM Designees

(a) A DPM may act as a DPM solely through its DPM Designees. A “DPM Designee” is an individual who is approved by the Exchange to represent a DPM in its capacity as a DPM. The Exchange may subclassify DPM Designees and require that certain DPM Designees be subject to specified supervision and/or be limited in their authority to represent a DPM.

(b) Notwithstanding any other rules to the contrary, an individual must satisfy the following requirements in order to be a DPM Designee of a DPM:

- (i) the individual must be approved to be a Trading Permit Holder;
- (ii) the individual must be a nominee of the DPM or of an affiliate of the DPM;
- (iii) the individual must be registered as a Market-Maker pursuant to Rule 8.2;
- (iv) on such form or forms as the Exchange may prescribe, the DPM must authorize the individual to enter into Exchange transactions on behalf of the DPM in its capacity as a DPM, must authorize the individual to represent the DPM in all matters relating to the fulfillment of the DPM’s responsibilities as a DPM, and must guaranty all obligations arising out of the individual’s representation of the DPM in its capacity as a DPM in all matters relating to the Exchange; and
- (v) the individual must be approved by the Exchange to represent the DPM in its capacity as a DPM.

Notwithstanding the provisions of subparagraph (b)(ii) of this Rule, the Exchange shall have the discretion to permit an individual who is not affiliated with a DPM to act

as a DPM Designee for the DPM on an emergency basis provided that the individual satisfies the other requirements of subparagraph (b) of this Rule.

(c) The approval of an individual to act as a DPM Designee shall expire in the event the individual does not have trading privileges on the Exchange for a six month time period.

(d) Each DPM shall have at least two DPM Designees who are nominees of the DPM.

(e) A DPM Designee of a DPM may not trade as a Market-Maker in securities allocated to the DPM unless the DPM Designee is acting on behalf of the DPM in its capacity as a DPM.]

[Rule 8.82. Reserved

Reserved]

[Rule 8.83. Approval to Act as a DPM

(a) A TPH organization desiring to be approved to act as a DPM shall file an application with the Exchange on such form or forms as the Exchange may prescribe.

(b) The Exchange shall determine the appropriate number of approved DPMs. Each DPM approval shall be made by the Exchange from among the DPM applications on file with the Exchange, based on the Exchange's judgment as to which applicant is best able to perform the functions of a DPM. Factors to be considered in making such a selection may include, but are not limited to, any one or more of the following:

(i) adequacy of capital;

(ii) operational capacity;

(iii) trading experience of and observance of generally accepted standards of conduct by the applicant, its associated persons, and the DPM Designees who will represent the applicant in its capacity as a DPM;

(iv) number and experience of support personnel of the applicant who will be performing functions related to the applicant's DPM business;

(v) regulatory history of and history of adherence to Exchange Rules by the applicant, its associated persons, and the DPM Designees who will represent the applicant in its capacity as a DPM;

(vi) willingness and ability of the applicant to promote the Exchange as a marketplace;

(vii) performance evaluations conducted pursuant to Rule 8.60; and

(viii) in the event that one or more shareholders, directors, officers, partners, managers, members, DPM Designees, or other principals of an applicant is or has previously been a shareholder, director, officer, partner, manager, member, DPM Designee, or other principal in another DPM, adherence by such DPM to the requirements set forth in this Section C of Chapter VIII respecting DPM responsibilities and obligations during the time period in which such person(s) held such position(s) with the DPM.

(c) Each applicant for approval as a DPM will be given an opportunity to present any matter which it wishes the Exchange to consider in conjunction with the approval decision. The Exchange may require that a presentation be solely or partially in writing, and may require the submission of additional information from the applicant or individuals associated with the applicant. Formal rules of evidence shall not apply to these proceedings.

(d) In selecting an applicant for approval as a DPM, the Exchange may place one or more conditions on the approval, including, but not limited to, conditions concerning the capital, operations, or personnel of the applicant, the number or type of securities which may be allocated to the applicant, and whether the DPM will operate on-floor or off-floor.

(e) Each DPM shall retain its approval to act as a DPM until the Exchange relieves the DPM of its approval and obligations to act as a DPM or the Exchange terminates the DPM's approval to act as a DPM pursuant to Rule 8.90.

(f) If a TPH organization resigns as a DPM or if pursuant to Rule 8.90 the Exchange terminates or otherwise limits its approval to act as a DPM, the Exchange shall have the discretion to do one or both of the following:

(i) approve a DPM on an interim basis, pending the final approval of a new DPM pursuant to paragraphs (a) through (d) of this Rule; and

(ii) allocate on an interim basis to another DPM or to other DPMs the securities that were allocated to the affected DPM, pending a final allocation of such securities pursuant to Rule 8.95.

Neither an interim approval or allocation made pursuant to this paragraph (f) should be viewed as a prejudgment with respect to the final approval or allocation.

(g) An On-Floor DPM can request that the Exchange authorize it to operate as an Off-Floor DPM in one or more option classes traded on the Hybrid Trading System. The Exchange will consider the factors specified in paragraph (b) above in determining whether to permit an On-Floor DPM to operate as an Off-Floor DPM. If an On-Floor DPM is approved to operate as an Off-Floor DPM in one or more option classes, the Off-Floor DPM can have a DPM Designee trade in open outcry in the option classes allocated to the Off-Floor DPM, but the Off-Floor DPM will not receive a participation entitlement under Rule 8.87 with respect to orders represented in open outcry. Additionally, in an option class in which an Off-Floor DPM has been appointed, the Exchange in its discretion may also appoint an On-Floor LMM in

accordance with Rule 8.15, which will be eligible to receive a participation entitlement under Rule 8.15 with respect to orders represented in open outcry. If the Exchange in its discretion determines to reallocate a class in which an Off-Floor DPM has been appointed, the On-Floor LMM appointment will automatically terminate.

. . . Interpretations and Policies:

.01 A DPM that is approved to operate as an Off-Floor DPM in one or more option classes traded on the Hybrid Trading System can request that the Exchange authorize it to operate as an On-Floor DPM. In making a determination pursuant to this Interpretation, the Exchange should evaluate whether the change is in the best interests of the Exchange, and the Exchange may consider any information that it believes will be of assistance to it. Factors to be considered may include, but are not limited to, any one or more of the following: performance, operational capacity of the Exchange or the DPM, efficiency, number and experience of personnel of the DPM who will be performing functions related to the trading of the applicable securities, number of securities involved, number of Market-Makers affected, and trading volume of the securities.]

[Rule 8.84. Conditions on the Allocation of Securities to DPMs

(a) The Exchange may establish (i) restrictions applicable to all DPMs on the concentration of securities allocable to a single DPM and to affiliated DPMs and (ii) minimum eligibility standards applicable to all DPMs which must be satisfied in order for a DPM to receive allocations of securities, including but not limited to standards relating to adequacy of capital and number of personnel.

(b) The Exchange has the authority under other Exchange rules to restrict the ability of particular DPMs to receive allocations of securities, including but not limited to, Rules 8.88(b) and 8.60, Rule 8.83(d), and Rule 8.90.

. . . Interpretations and Policies:

.01

(a) It shall be the responsibility of the Exchange, pursuant to this Rule, to determine whether or not to relocate all of the securities traded at a trading station operated by a DPM organization to another trading station operated by the same DPM, pursuant to a request from a DPM organization or on the Exchange's own initiative. In making a determination pursuant to this Interpretation, the Exchange should evaluate whether the change is in the best interests of the Exchange, and the Exchange may consider any information that it believes will be of assistance to it. Factors to be considered may include, but are not limited to, any one or more of the following: performance, operational capacity of the Exchange or the DPM, efficiency, number and experience of personnel of the DPM who will be performing functions related to the trading of the applicable securities, number of securities involved in the relocation, number of Market-Makers affected by the relocation of the securities, and trading volume of the securities.

(b) Prior to making a determination pursuant to this Interpretation, except when expeditious action is required, the Exchange shall notify the DPM organization and trading crowds affected by the relocation of the securities of the action the Exchange is considering taking, and shall convene one or more informal meetings with the DPM and the trading crowds to discuss the matter, or shall provide the DPM and the trading crowds with the opportunity to submit a written statement to the Exchange.]

[8.85. DPM Obligations

(a) Dealer Transactions. Each DPM must fulfill all of the obligations of a Market-Maker under the Rules, and must satisfy each of the following requirements in respect of each of the securities allocated to the DPM. To the extent that there is any inconsistency between the specific obligations of a DPM set forth in subparagraphs (a)(i) through (a)(xi) of this Rule and the general obligations of a Market-Maker under the Rules, subparagraphs (a)(i) through (a)(xi) of this Rule will govern. Each DPM must:

(i) provide continuous electronic quotes in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair, with the term “call-put pair” referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price, and assure that its disseminated market quotations are accurate. This obligation does not apply to intra-day add-on series on the day during which such series are added for trading. Compliance with this quoting obligation applies to all of a DPM’s allocated classes collectively. The Exchange will determine compliance by a DPM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a DPM from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against DPM for failing to meet this obligation each trading day. DPM continuous electronic quoting obligations may be satisfied by DPM either individually or collectively with DPM Market-Makers of the same TPH organization;

(ii) assure that its market quotations are accurate;

(iii) comply with the bid/ask differential requirements determined by the Exchange on a class- by-class basis;

(iv) to the extent the DPM operates on the trading floor, assure that the number of DPM Designees and support personnel continuously present at the trading station throughout every business day is not less than the minimum required by the Exchange. An Off-Floor DPM similarly shall assure that the number of DPM Designees and support personnel continuously overseeing the DPM’s activities is not less than the minimum required by the appropriate Exchange committee. Additionally, an Off-Floor DPM shall provide members with telephone access to a DPM Designee at all times during market hours for purposes of resolving problems involving trading on the Exchange;

(v) trade in all securities allocated to the DPM only in the capacity of a DPM and not in any other capacity,

(vi) segregate in a manner prescribed by the Exchange (A) all transactions consummated by the DPM in securities allocated to the DPM and (B) any other transactions consummated by or on behalf of the DPM that are related to the DPM's DPM business;

(vii) assure that its market quotations comply with the minimum size requirements prescribed by the Exchange, which minimum must be at least one contract;

(viii) not initiate a transaction for the DPM's own account that would result in putting into effect any stop or stop limit order which may be in the book or which the DPM represents as Floor Broker except with the approval of a Floor Official and when the DPM guarantees that the stop or stop limit order will be executed at the same price as the electing transaction. The restrictions set forth in this paragraph do not apply to stop or stop limit orders received through the Hybrid System unless the terms of such orders are visible to the DPM, or unless such orders are handled by the DPM;

(ix) determine a formula for generating automatically updated market quotations; and

(x) 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 (see Rule 6.2(d)(i)(A) or (ii)(A)) and participate in other rotations described in Rule 6.2 (including the modified opening rotation set forth in Interpretation and Policy .01) or 24.13, as applicable. In option classes in which both an On-Floor LMM and an Off-Floor DPM or Off-Floor LMM have been appointed, the obligation set forth in this paragraph (a)(xi) will be that of the Off-Floor DPM or Off-Floor LMM and not on the On-Floor LMM.

(b) Agency Transactions. A DPM shall not execute orders as an agent or Floor Broker in its allocated option classes.

(c) Other Obligations. In addition to the obligations described in paragraphs (a) and (b) of this Rule, a DPM shall fulfill each of the following obligations:

(i) resolve disputes relating to transactions in the securities allocated to the DPM, subject to Floor Official review, upon the request of any party to the dispute;

(ii) make competitive markets on the Exchange and otherwise promote the Exchange in a manner that is likely to enhance the ability of the Exchange to compete successfully for order flow in the classes it trades;

(iii) promptly inform the Exchange of any desired change in the DPM Designees who represent the DPM in its capacity as a DPM and of any material change in the financial or operational condition of the DPM;

(iv) supervise all persons associated with the DPM to assure compliance with the Rules;

(v) segregate in a manner prescribed by the Exchange the DPM's business and activities as a DPM from the DPM's other businesses and activities; and

(vi) continue to act as a DPM and to fulfill all of the DPM's obligations as a DPM until the Exchange relieves the DPM of its approval and obligations to act as a DPM or the Exchange terminates the DPM's approval to act as a DPM pursuant to Rule 8.90.

(d) **Obligations of DPM Associated Persons.** Each person associated with a DPM shall be obligated to comply with the provisions of subparagraph (a), (b), and (c) of this Rule when acting on behalf of the DPM.

(e) **Requirement to Hold Trading Permit.** Each DPM organization shall hold such number of Trading Permits as may be necessary based on the aggregate "appointment cost" for the classes allocated to the DPM organization. Each Trading Permit held owned or leased by the DPM organization has an appointment credit of 1.0. The appointment costs for the classes allocated to the DPM organization are set forth in paragraph (c)(i) of Rule 8.3.

For example, if the DPM organization has been allocated such number of option classes that its aggregate appointment cost is 1.6, the DPM organization would be required to hold two Trading Permits. The Exchange will rebalance the "tiers" set forth in Rule 8.3(c)(i), excluding the "AA" tier, once each calendar quarter, which may result in additions or deletions to their composition. When a class changes "tiers" it will be assigned the "appointment cost" of that tier. Upon rebalancing, each DPM organization will be required to hold the appropriate number of Trading Permits reflecting the revised "appointment costs" of the classes that have been allocated to it. Additionally, a DPM organization is required to hold the appropriate number of Trading Permits at the time a new option class allocated to it pursuant to Rule 8.95 begins trading.

In the event the TPH organization approved as the DPM organization is also approved to act as Market-Maker, and has excess Trading Permit capacity above the aggregate appointment cost for the classes allocated to it as the DPM, the TPH organization may utilize the excess Trading Permit capacity to quote electronically in an appropriate number of Hybrid classes in the capacity of a Market-Maker and not trade in open outcry. For example, if the DPM organization has been allocated such number of option classes that its aggregate appointment cost is 1.6, the TPH organization could request an appointment as a Market-Maker in any combination of Hybrid classes whose aggregate "appointment cost" does not exceed .40. The TPH organization will not function as a DPM in any of these additional classes. In the event the TPH organization utilizes any excess Trading Permit capacity to quote electronically in some additional Hybrid classes as a Market-Maker, it must comply with the provisions of Rule 8.3.

. . . Interpretations and Policies:

.01 Willingness to promote the Exchange as a marketplace includes assisting in meeting and educating market participants (and taking the time for travel related thereto), maintaining

communications with Trading Permit Holders in order to be responsive to suggestions and complaints, responding to suggestions and complaints, and other like activities.

.02 When the underlying security for a class is in a limit up-limit down state, as defined in Rule 6.3A, DPMs shall have no quoting obligations in the class.

.03 If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 8.14, obligations of a Designated Primary Market-Maker with an SPX or VIX appointment, as applicable, as set forth in Rule 8.85, apply on a class basis, except if the Exchange determines to apply obligations on a group basis.]

[Rule 8.86. DPM Financial Requirements

Each DPM shall maintain (i) net liquidating equity in its DPM account of not less than \$100,000, and in conformity with such guidelines as the Exchange may establish from time to time, and (ii) net capital sufficient to comply with the requirements of Exchange Act Rule 15c3-1. Each DPM which is a Clearing Trading Permit Holder shall also maintain net capital sufficient to comply with the requirements of the Clearing Corporation.

[Rule 8.88. Review of DPM Operations and Performance

(a) The Exchange may conduct a review of a DPM's operations or performance at any time and at a minimum shall conduct a review of each DPM's operations and performance on an annual basis. The review shall include, among other things, an evaluation of the extent to which the DPM has satisfied its obligations under Rule 8.85 and has otherwise acted in ways reasonably designed to make the Exchange competitive with other markets trading the same securities as those allocated to the DPM taking into account the Exchange's market share in those securities. A DPM and its associated persons shall submit to the Exchange such information requested by the Exchange in connection with a review of the DPM's operations or performance.

(b) The Exchange may perform the market performance evaluation and remedial action functions set forth in Rule 8.60 with respect to DPMs and the Market-Makers and Floor Brokers that regularly trade at DPM trading stations. The Exchange may combine a review conducted pursuant to paragraph (a) of this Rule with an evaluation conducted pursuant to Rule 8.60.

(c) Members appointed by the Exchange may perform the functions of a Floor Official at DPM trading stations.]

[8.89. Transfer of DPM Appointments

(a) A DPM proposing any sale, transfer, or assignment of any ownership interest or any change in its capital structure, voting authority, or distribution of profits or losses shall give not less than thirty (30) days prior written notice thereof to the Exchange. No such transaction that is deemed to involve the transfer of a DPM appointment within the meaning of paragraph (b)

of this Rule may take place unless (i) the transferee is qualified to act as a DPM in accordance with the Rules, and (ii) the transaction has received the prior approval of the Exchange.

(b) For purposes of this Rule 8.89, the following transactions are deemed to involve the transfer of a DPM appointment: (i) any sale, transfer, or assignment of any significant share of the ownership of a DPM; (ii) any change or transfer of control of a DPM; or (iii) any merger, sale of assets, or other business combination or reorganization of a DPM. A sale, transfer, or assignment of a five percent (5%) or more interest in the equity or profits or losses of a DPM (or any series of smaller changes that in the aggregate amount to a change of five percent or more) shall be deemed to be a sale, transfer, or assignment of a significant share of the ownership of the DPM; provided, however, that any sale, transfer, or assignment of a less than five percent interest may also be found by the Exchange to represent a significant share of the ownership of a DPM depending on the surrounding facts and circumstances, in which event the Exchange shall notify the DPM within fifteen (15) days after receiving notice thereof that the approval of the transaction by the Exchange is required.

(c) An application for the approval of a transaction deemed to involve the transfer of a DPM appointment shall be submitted in writing to the Exchange at least thirty (30) days prior to the proposed effective date of the transaction, unless the Exchange approves a shorter period for its review. The application shall contain a full and complete description of the proposed transaction, including (i) the identity of the transferee, (ii) a description of the transferee's ownership and capital structure, (iii) the identity of those persons who will be the partners, shareholders, directors, officers, and other managers or affiliates of the transferee, as well as those persons who will be responsible for performing the duties of the DPM following the transfer, (iv) the terms of the transaction including the consideration proposed to be paid by the transferee, (v) the terms of any other business relationships between the parties to the transaction, and (vi) any other material information pertaining to the transaction that the Exchange may request.

(d) Promptly after receipt of a completed application for the approval of a proposed transfer of a DPM appointment, the Exchange shall post notice of the proposed transfer on the Cboe Options website. The Exchange shall not ordinarily consider a proposed transfer sooner than ten (10) business days following the day notice is posted, unless the Exchange finds it necessary to give earlier consideration to the matter in the interest of the maintenance of fair and orderly markets and the protection of investors. During this period, the Exchange will accept written comments on the proposed transfer from any Trading Permit Holder, and will accept written proposals from other Trading Permit Holders or from Market-Maker crowds who wish to be considered for appointment in some or all of the classes that are the subject of the proposed transfer.

(e) No application shall be finally approved by the Exchange until it is accompanied by complete and final documents pertaining to the transfer (all corporate or partnership documents and amendments thereto, voting trust, "buy-sell" or similar agreements, employment agreements, pro forma financial statements), except as the Exchange may agree to defer the delivery of specific documents for good cause shown. In considering the approval of a proposed transfer of a DPM appointment, the Exchange shall give due consideration to all relevant facts

and circumstances, including but not limited to each of the following factors, if applicable: (i) the financial and operational capacity of the transferee; (ii) continuity of control, management, and persons responsible for the operation of the DPM; (iii) avoiding undue concentration of DPM appointments on the Exchange; (iv) available alternatives for reallocating the DPM's appointment taking into account comments made and alternatives proposed by other Trading Permit Holders during the posting period; and (v) the best interests of the Exchange. If the proposed transferee is not approved to act as a DPM at the time the application is considered by the Exchange, the approval of the transfer may be made contingent on the transferee's being so approved within a stated period of time.

. . . Interpretations and Policies:

.01 For purposes of paragraph (b) of this Rule, a transfer of an interest in the profits (but not the ownership) of a DPM to an associated person of the DPM solely as compensation for the associated person's services in support of the business of the DPM shall not ordinarily be deemed to be a sale, transfer, or assignment of a significant share of the ownership of the DPM.

.02 Reserved.

8.90. Termination, Conditioning, or Limiting Approval to Act as a DPM

(a) The Exchange may terminate, place conditions upon, or otherwise limit a TPH organization's approval to act as a DPM under any one or more of the following circumstances:

(i) if the TPH organization incurs a material financial, operational, or personnel change;

(ii) if the TPH organization fails to comply with any of the requirements under this Section C of Chapter VIII (including, but not limited to, any conditions imposed under Rule 8.83(d), Rule 8.84(a)(ii), or this Rule) or fails to adequately satisfy the standards of performance under Rule 8.88(a);

(iii) if for any reason the TPH organization should no longer be eligible for approval to act as a DPM or to be allocated a particular security or securities.

Before the Exchange takes action to terminate, condition, or otherwise limit a TPH organization's approval to act as a DPM, the TPH organization will be given notice of such possible action and an opportunity to present any matter which it wishes the Exchange to consider in determining whether to take such action. Such proceedings shall be conducted in the same manner as Exchange proceedings concerning DPM approvals which are governed by Rule 8.83(c).

(b) Notwithstanding the provisions of paragraph (a) of this Rule, the Exchange has the authority to immediately terminate, condition, or otherwise limit a TPH organization's approval to act as a DPM if it incurs a material financial, operational, or personnel change

warranting such action or if the TPH organization fails to comply with any of the financial requirements of Rule 8.86.

(c) Limiting a TPH organization's approval to act as a DPM may include, among other things, limiting or withdrawing the TPH organization's DPM participation entitlement provided for under Rule 8.87, withdrawing the right of the TPH organization to act in the capacity of a DPM in a particular security or securities which have been allocated to the TPH organization, and/or requiring the relocation of the TPH organization's DPM operation on the Exchange's trading floor.

(d) If a TPH organization's approval to act as a DPM is terminated, conditioned, or otherwise limited by the Exchange pursuant to this Rule, the TPH organization may seek review of that decision under Chapter XIX of the Rules.]

[Section D: Allocation of Securities and Location of Trading Crowds and DPMs (Rule 8.95)]

[Rule 8.95. Allocation of Securities and Location of Trading Crowds and DPMs

(a) The Exchange shall determine for each security traded on the Exchange (i) whether the security should be allocated to a trading crowd or to a DPM and (ii) which trading crowd or DPM should be allocated the security. The Exchange shall also determine the location on the Exchange's trading floor of each trading crowd, each DPM, and each security traded on the Exchange.

(b) The Exchange may consider any information which the Exchange believes will be of assistance to it in making determinations pursuant to paragraph (a) of this Rule. Factors to be considered in making such determinations may include, but are not limited to, any one or more of the following: performance, volume, capacity, market performance commitments, operational factors, efficiency, competitiveness, environment in which the security will be traded, expressed preferences of issuers, and recommendations of Exchange committees.

(c) During the first twelve (12) months following the allocation of a security to a trading crowd or DPM, the Exchange may remove the allocation, and may reallocate the applicable security pursuant to paragraph (a) of this Rule, if the trading crowd or DPM fails to adhere to any market performance commitments made by the trading crowd or DPM in connection with receiving the allocation. Any determination made pursuant to paragraph (a) of this Rule may also be changed by the Exchange at any time if the Exchange concludes that a change is in the best interest of the Exchange based on operational factors or efficiency.

(d) Prior to taking any action pursuant to paragraph (c) of this Rule, except when expeditious action is required, the Exchange, shall notify the trading crowd or DPM involved of the reasons the Exchange is considering taking action pursuant to paragraph (c) and the kind of action that is under consideration, and shall either convene one or more informal meetings with the trading crowd or DPM to discuss the matter, or shall provide the trading crowd or DPM with the opportunity to submit a written statement to the Exchange. Ordinarily, neither counsel for the

Exchange nor counsel for the trading crowd or DPM shall be invited to any such informal meetings, and no verbatim record of the meetings shall be kept.

(e) The allocation of a security to a trading crowd or DPM and the location of a trading crowd or DPM on the Exchange's trading floor does not convey ownership rights in such allocation or location or in the order flow associated with such allocation or location.

(f) No option classes opened for trading prior to May 1, 1987 shall be allocated to a DPM except to the extent authorized by a Trading Permit Holder vote. Notwithstanding the foregoing, pursuant to a membership vote taken in November, 1989, if a trading crowd indicates that it no longer wishes to trade an option class opened for trading prior to May 1, 1987, the option class may be reallocated to another trading crowd or to a DPM giving priority to trading crowd applications over DPM applications, provided that the Exchange, as applicable, determines that the trading crowd's commitment to market quality is competitive and that operational considerations are satisfied.

(g) In allocating and reallocating securities to trading crowds and DPMs, the Exchange shall act in accordance with any limitation or restriction on the allocation of securities that is established pursuant to another Exchange Rule.

. . . Interpretations and Policies:

.01 Subject to Rule 8.83(f), the Exchange will reallocate a security pursuant to paragraph (a) of this Rule in the event that the security is removed pursuant to another Exchange Rule from the trading crowd or DPM to which the security has been allocated or in the event that for some other reason the trading crowd or DPM to which the security has been allocated no longer retains such allocation.

.02 The Exchange will relocate a trading crowd or DPM pursuant to paragraph (a) of this Rule in the event that the trading crowd or DPM is required to be relocated pursuant to another Exchange Rule.

.03 A trading crowd may indicate that it no longer wishes to trade an option class opened for trading prior to May 1, 1987, for purposes of paragraph (f) of Rule 8.95 by means of a voting procedure as described in this Interpretation and Policy. Members of a trading crowd eligible to participate in the vote shall include those market-makers and floor brokers who have transacted at least 80% of their market-maker contracts (in the case of market-makers) or orders (in the case of floor brokers) in each of the three immediately preceding calendar months in option classes traded in the trading crowd, and who continue to be present in the trading crowd in the capacity of a market maker or floor broker at the time of the vote. Eligible market-makers and floor brokers shall each have one vote, and shall vote together as a single class. A trading crowd shall be deemed to have indicated that it no longer wishes to trade a designated option class if a majority of the trading crowd participates in the vote and if a majority of the total votes cast are in favor of the proposition. Any member of a trading crowd eligible to vote on whether the crowd wishes to trade an option class may request that such a vote be held by submitting a written request to that effect to the Secretary of the Exchange.

The Exchange shall post a notice at the trading station of the time and date of any vote to be taken for purposes of Rule 8.95(f) at least 24 hours prior to the time of the vote. The Exchange shall determine all other administrative procedures pertaining to the vote.

.04 Notwithstanding paragraph (a) of this Rule, the Exchange shall have the authority to relocate all of the securities traded at a trading station operated by a DPM organization to another trading station operated by the same DPM organization pursuant to Interpretation .01 of Rule 8.84.

.05 The Exchange may make temporary allocations of securities either to a DPM or a non-DPM trading crowd by explicitly indicating to such DPM or non-DPM trading crowd at the time of allocation that the allocation is temporary. The Exchange at any time during the first twelve months following the granting of the temporary allocation may determine it is in the best interest of the Exchange to reallocate the security such that: (i) a security initially allocated to a DPM is reallocated to a non-DPM trading crowd; or (ii) a security initially allocated to a non-DPM trading crowd is reallocated to a DPM.

.06 In the event an existing DPM is authorized to act as an Off-Floor DPM in one or more option classes, this will be considered a reallocation of securities pursuant to this rule.]

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[21.19. Obligations of Market-Makers (Treasury Bonds and Notes)

Without limiting the general obligation to deal for his account as stated in Rule 8.7(b), a Market-Maker holding an Appointment in Government securities options, in the course of maintaining a fair and orderly market, is expected to bid and/or offer so as to create differences of:

(i) no more than .25 of a point between the bid and offer for each option contract for which the bid is less than 1 point;

(ii) no more than .50 of a point where the bid is 1 point or more but less than 5 points;

(iii) no more than .80 of a point where the bid is 5 points or more but less than 10 points;
and

(iv) no more than 1 point where the bid is 10 points or more, provided that the Board (or its designee) may establish differences other than the above for all Government securities options or for one or more series of options.

. . . Interpretations and Policies:

.01 The bid/ask differentials specified in Rule 21.19 shall apply only to the two nearest term series of each class of Government Security options. For all longer term series the maximum bid/ask differentials are double those listed above.

.02 The bid/ask differentials specified in Rule 21.19 and in Interpretation and Policy .01 thereto may be waived by the Board (or by its designee) in the interests of preserving a fair and orderly market as an alternative to halting trading in Government securities options under Rule 6.3 when conditions are present which otherwise would cause such a halt.]

* * * * *

[22.14. Maximum Bid-Ask Differentials; Market-Maker Appointments & Obligations

(a) A Market-Maker is expected to bid and offer so as to create differences of no more than 25% of the designated exercise settlement value between the bid and offer for each binary option contract or \$5.00, whichever amount is wider, except during the final trading day prior to the expiration, on which the maximum permissible price differential for binary options may be 50% of the designated exercise settlement value or \$5.00, whichever amount is wider (e.g., if the exercise settlement value is \$100, the maximum permissible spread would be \$25, which is 25% of \$100, prior to the final trading day, and \$50, which is 50% of \$100, on the final trading day).

(b) Rules 8.3, 8.4, 8.14, 8.15, and 8.95 and the Interpretations and Policies thereunder shall apply to binary options.

.01 Exchange may establish permissible price differences other than those noted above for one or more series or classes of binary options as warranted by market conditions.]

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[Rule 24A.10. Related Securities

For purposes of Rule 8.8, FLEX Index Options shall be considered related to index options, index participations, and index warrants.]

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[29.17. Market-Maker Appointments & Obligations

(a) Market-Makers shall be appointed to Credit Option classes in accordance with the requirements of Rules 8.3, 8.4, 8.15 and 8.95, as applicable.

(b) A Credit Option-appointed Market-Maker may, but shall not be obligated to enter a response to a request for quotes on a Credit Option class in which he is appointed. However, two Trading Officials may call upon Credit Option-appointed Market-Makers to provide quotes in their appointed classes. In addition, a Credit Option-appointed Market-Maker need not provide continuous quotes or quote a minimum bid-offer spread, but when quoting the Market-Maker's minimum value size shall be at least one contract.

(c) In addition to the requirements of paragraph (b), a DPM or LMM, as applicable, appointed to a Credit Option class shall enter opening quotes in accordance with Rule 6.2 in

100% of the series of the class and shall be obligated to enter a quote in response to any open outcry request for quotes on any Credit Option class in which it is appointed.

. . . Interpretations and Policies:

.01 The Exchange may establish permissible price differences for one or more series or classes of Credit Options as warranted by market conditions. Rule 29.17 supplements the rules in Chapter VIII.]

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[Rule 24A.9. FLEX Market-Maker Appointments and Obligations

(a) A registered Market-Maker may apply on a form prescribed by the Exchange to be a “FLEX Qualified Market-Maker” in one or more classes of FLEX Options. From among the applicants, the Exchange shall appoint two or more FLEX Qualified Market-Makers to each FLEX Index Option of a given class, and two or more FLEX Qualified Market-Makers to each FLEX Equity Option of a given class. In making such appointments and in taking other action with respect to FLEX Qualified Market-Makers, the Exchange shall take into account the factors enumerated in, and shall refer to the requirements of, Rule 8.3. In addition, as a condition to receiving and maintaining a FLEX Qualified Market-Maker appointment in a FLEX Index Option class or a FLEX Equity Option class, as applicable, the FLEX Qualified Market-Maker must maintain an appointment in one or more Non-FLEX Index Option classes or one or more Non-FLEX Equity Option classes, as applicable. Such Non-FLEX Option class appointment(s) need not be in a class(es) that has the same underlying index or security as the appointed FLEX Option class.

(b) Notwithstanding the provisions of paragraph (a) of this Rule, the Exchange may determine to solicit applications from registered Market-Makers to be FLEX Appointed Market-Makers in one or more specified classes of FLEX Index Options and/or classes of FLEX Equity Options, and from among such applicants may appoint one or more FLEX Appointed Market-Makers to such classes in addition to (or two or more FLEX Appointed Market-Makers in lieu of) appointing FLEX Qualified Market-Makers to such classes.

(c) A FLEX Appointed Market-Maker shall have an obligation to enter a FLEX Quote (i) in response to any open outcry Request for Quotes respecting a class of FLEX Options to which the FLEX Appointed Market-Maker is appointed and trading in open outcry; and (ii) in response to at least that percentage of electronic Request for Quotes as determined by the Exchange respecting a class of FLEX Options to which the FLEX Appointed Market-Maker is appointed, provided that such percentage shall not be less than 80%. Except as provided in paragraph (d) of this Rule 24A.9, a FLEX Qualified Market-Maker may, but shall not be obligated to, enter a FLEX Quote in response to a Request for Quotes on a FLEX Option of the class in which the FLEX Qualified Market-Maker is qualified. Every FLEX Quote entered by a FLEX Appointed Market-Maker or a FLEX Qualified Market-Maker shall be entered within the indicated RFQ Response Period plus any RFQ Reaction Period or BBO Improvement Interval, as applicable. Unless withdrawn during the RFQ Response or Reaction Period, such FLEX Quotes submitted in response to an electronic RFQ shall be considered firm for the duration of the RFQ Response and Reaction Periods. Unless withdrawn or modified during the RFQ Response Period, such FLEX

Quotes submitted in response to an open outcry RFQ shall be considered firm for the duration of the RFQ and, in the event the FLEX Quote is the BBO, the BBO Improvement Interval.

(d) A FLEX Official may call upon FLEX Market-Makers appointed in a class of FLEX Options to submit FLEX Quotes in response to a specific Request for Quotes in that class of FLEX Options whenever in the opinion of the FLEX Official the interests of a fair, orderly and competitive market are best served by such action, and shall make such a call upon FLEX Market-Makers whenever no FLEX Quotes are made in response to a specific Request for Quotes.

(e) FLEX Appointed Market-Makers and FLEX Qualified Market-Makers need not provide continuous FLEX Quotes or quote a minimum bid-offer spread in FLEX Options, except as provided in this paragraph (e). The maximum bid-ask spread for FLEX Options with a European style exercise, an underlying of the S&P 100 Index or the S&P 500 Index, and two weeks or more to expiration and two years or less to expiration shall be as specified below; however, the Exchange may establish differences other than as specified below for one or more FLEX Options.

(1) Options with a time to expiration greater than two weeks and less than or equal to one year shall have the following maximum bid/ask spreads:

<i>Where the Bid Is</i>	<i>The Maximun Bid/Ask Spread Is</i>
Less than \$5	\$0.80
At least \$5 but not more than \$10	\$1
At least \$10 but not more than \$20	\$1.50
At least \$20	\$2

(2) Options with a time to expiration greater than one year and less than two years shall have the following maximum bid/ask spreads:

<i>Where the Bid Is</i>	<i>The Maximun Bid/Ask Spread Is</i>
Less than \$10	\$1.50
At least \$10 but not more than \$20	\$2
At least \$20 but not more than \$40	\$3
At least \$40	\$4

This rule supplements the rules in Chapter VIII of the Rules of the Exchange.]

EXHIBIT 5B

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

(effective as of October 7, 2019)

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Rule 1.1. Definitions

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Designated Primary Market-Maker and DPM

The terms “Designated Primary Market-Maker” and “DPM” [have the meaning set forth in Rule 3.53] mean a TPH organization that is approved by the Exchange to function in appointed

securities as a Market-Maker and is subject to the obligations under Rule 5.54 or as otherwise provided under the Rules. A DPM generally will operate on the Exchange's trading floor ("On-Floor DPM"). However, as provided in Rule 5.53, a DPM can request that the Exchange authorize the DPM to function remotely away from the Exchange's trading floor ("Off-Floor DPM") on a class-by-class basis. Unless otherwise specified, references to DPM in the Rules include both "On-Floor DPM" and "Off-Floor DPM." The Exchange makes determinations concerning whether to grant or withdraw the approval to act as a DPM in accordance with Rule 3.54. The Exchange appoints securities to DPMs in accordance with Rule 5.50.

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CHAPTER 3. MEMBERSHIP AND PARTICIPANTS

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SECTION C. TPH TRADING FUNCTIONS

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Rule 3.52. Market-Makers

Trading Permit Holders registered as Market-Makers have certain rights and bear certain responsibilities beyond those of other Trading Permit Holders. All Market-Makers are designated as specialists on the Exchange for all purposes under the Exchange Act.

(a) To register as a Market-Maker, a Trading Permit Holder must file an application in writing on such forms as the Exchange may prescribe. The Exchange reviews applications and considers an applicant's market-making ability and such other factors as the Exchange deems appropriate in determining whether to approve an applicant's registration as a Market-Maker.

(b) The registration of any Trading Permit Holder as a Market-Maker may be suspended or terminated by the Exchange upon a determination that such Trading Permit Holder has failed to properly perform as a Market-Maker.

(c) There is no limit on the number of Trading Permit Holders that may become Market-Makers unless the Exchange determines to impose a limit based on system constraints, capacity restrictions, or other factors relevant to protecting the integrity of the System. The Exchange will not impose any such limitations until it has submitted objective standards for imposing the limits to the SEC for its review and approval.

(d) A Trading Permit Holder or prospective Trading Permit Holder adversely affected by an Exchange determination under this Section C of Chapter 3, including the Exchange's termination or suspension of a Trading Permit Holder's registration as a Market-Maker or a Market-Maker's appointment to a class, may obtain a review of such determination in accordance with the provisions of Chapter 15.

Rule 3.53. DPMs

(a) To be approved to act as a DPM, a Trading Permit Holder must file an application with the Exchange on such forms as the Exchange may prescribe.

(b) The Exchange determines the appropriate number of approved DPMs. The Exchange must approve each DPM from among the DPM applications on file with the Exchange, based on the Exchange's judgment as to which applicant is best able to perform the functions of a DPM. Factors to be considered in making such a selection may include, but are not limited to, any one or more of the following:

(1) adequacy of capital;

(2) operational capacity;

(3) trading experience of and observance of generally accepted standards of conduct by the applicant, its associated persons, and the DPM Designees who will represent the applicant in its capacity as a DPM;

(4) number and experience of support personnel of the applicant who will be performing functions related to the applicant's DPM business;

(5) regulatory history of and history of adherence to Exchange Rules by the applicant, its associated persons, and the DPM Designees who will represent the applicant in its capacity as a DPM;

(6) willingness and ability of the applicant to promote the Exchange as a marketplace;

(7) in the event that one or more shareholders, directors, officers, partners, managers, members, DPM Designees, or other principals of an applicant is or has previously been a shareholder, director, officer, partner, manager, member, DPM Designee, or other principal in another DPM, adherence by such DPM to the requirements set forth in Chapter 5, Section D regarding DPM appointments and obligations during the time period in which such person(s) held such position(s) with the DPM.

(c) Each applicant for approval as a DPM will be given an opportunity to present any matter the DPM wishes the Exchange to consider in conjunction with the approval decision. The Exchange may require that a presentation be solely or partially in writing, and may require the submission of additional information from the applicant or individuals associated with the applicant. Formal rules of evidence do not apply to these proceedings.

(d) In selecting an applicant for approval as a DPM, the Exchange may place one or more conditions on the approval, including, but not limited to, conditions concerning the capital, operations, or personnel of the applicant, the number or type of securities which may be appointed to the applicant, and whether the DPM will operate on-floor or off-floor.

(e) Each DPM retains its approval to act as a DPM until the Exchange relieves the DPM of its approval and obligations to act as a DPM or the Exchange terminates the DPM's approval to act as a DPM pursuant to paragraph (i).

(f) If a TPH organization resigns as a DPM or if pursuant to paragraph (i) the Exchange terminates or otherwise limits its approval to act as a DPM, the Exchange may do one or both of the following:

(1) approve a DPM on an interim basis, pending the final approval of a new DPM pursuant to paragraphs (a) through (d) of this Rule; and

(2) allocate on an interim basis to another DPM or to other DPMs the securities that were appointed to the affected DPM, pending a final allocation of such classes pursuant to Rule 5.54.

Neither an interim approval or appointment made pursuant to this paragraph (f) should be viewed as a prejudgment with respect to the final approval or appointment.

(g) An On-Floor DPM can request that the Exchange authorize it to operate as an Off-Floor DPM in one or more option classes. The Exchange will consider the factors specified in paragraph (b) above in determining whether to permit an On-Floor DPM to operate as an Off-Floor DPM.

(1) If an On-Floor DPM is approved to operate as an Off-Floor DPM in one or more option classes, the Off-Floor DPM can have a DPM Designee trade in open outcry in the option classes allocated to the Off-Floor DPM, but the Off-Floor DPM will not receive a participation entitlement under Rule 5.32 with respect to orders represented in open outcry.

(2) In an option class in which an Off-Floor DPM has been appointed, the Exchange in its discretion may also appoint an On-Floor LMM in accordance with Rule 5.55, which will be eligible to receive a participation entitlement under Rule 5.32 with respect to orders represented in open outcry. If the Exchange in its discretion determines to reallocate a class in which an Off-Floor DPM has been appointed, the Exchange in its discretion may also terminate the On-Floor LMM appointment.

(3) A DPM that is approved to operate as an Off-Floor DPM in one or more option classes can request that the Exchange authorize it to operate as an On-Floor DPM. In making a determination pursuant to this subparagraph (g)(3), the Exchange should evaluate whether the change is in the best interests of the Exchange, and the Exchange may consider any information that it believes will be of assistance to it. Factors to be considered may include, but are not limited to, any one or more of the following: performance, operational capacity of the Exchange or the DPM, efficiency, number and experience of personnel of the DPM who will be performing functions related to the trading of the applicable securities, number of securities involved, number of Market-Makers affected, and trading volume of the securities.

(h) Transfer of DPM Designation. A DPM proposing any sale, transfer, or assignment of any ownership interest or any change in its capital structure, voting authority, or distribution of profits or losses must submit an application for the approval of a such transaction to the Exchange at least thirty (30) days prior to the proposed effective date of the transaction, unless the Exchange approves a shorter period for its review. No such transaction that is deemed to involve the transfer of a DPM designation within the meaning of subparagraph (h)(1) below may take place unless (i) the transferee is qualified to act as a DPM in accordance with the Rules, and (ii) the transaction has received the prior approval of the Exchange.

(1) The following transactions are deemed to involve the transfer of a DPM designation: (i) any sale, transfer, or assignment of any significant share of the ownership of a DPM; (ii) any change or transfer of control of a DPM; or (iii) any merger, sale of assets, or other business combination or reorganization of a DPM. A sale, transfer, or assignment of a 5% or more interest in the equity or profits or losses of a DPM (or any series of smaller changes that in the aggregate amount to a change of five percent or more) shall be deemed to be a sale, transfer, or assignment of a significant share of the ownership of the DPM; provided, however, that any sale, transfer, or assignment of a less than five percent interest may also be found by the Exchange to represent a significant share of the ownership of a DPM depending on the surrounding facts and circumstances, in which event the Exchange shall notify the DPM within 15 days after receiving notice thereof that the approval of the transaction by the Exchange is required.

(A) Transfer of an interest in the profits (but not the ownership) of a DPM to an associated person of the DPM solely as compensation for the associated person's services in support of the business of the DPM shall not ordinarily be deemed to be a sale, transfer, or assignment of a significant share of the ownership of the DPM.

(2) The application for approval of a proposed transfer of a DPM designation must contain a full and complete description of the proposed transaction, including (i) the identity of the transferee, (ii) a description of the transferee's ownership and capital structure, (iii) the identity of those persons who will be the partners, shareholders, directors, officers, and other managers or affiliates of the transferee, as well as those persons who will be responsible for performing the duties of the DPM following the transfer, (iv) the terms of the transaction including the consideration proposed to be paid by the transferee, (v) the terms of any other business relationships between the parties to the transaction, and (vi) any other material information pertaining to the transaction that the Exchange may request.

(3) Promptly after receipt of a completed application for the approval of a proposed transfer of a DPM designation, the Exchange will post notice of the proposed transfer on the Cboe Options website. The Exchange shall not ordinarily consider a proposed transfer sooner than ten (10) business days following the day notice is posted, unless the Exchange finds it necessary to give earlier consideration to the matter in the interest of the maintenance of fair and orderly markets and the protection of investors. During this period, the Exchange will accept written comments on the proposed transfer

from any Trading Permit Holder, and will accept written proposals from other Trading Permit Holders or from trading crowds who wish to be considered for appointment in some or all of the classes that are the subject of the proposed transfer.

(4) The Exchange will not approve an application until it is accompanied by complete and final documents pertaining to the transfer (all corporate or partnership documents and amendments thereto, voting trust, “buy-sell” or similar agreements, employment agreements, pro forma financial statements), except as the Exchange may agree to defer the delivery of specific documents for good cause shown. In considering the approval of a proposed transfer of a DPM appointment, the Exchange will give due consideration to all relevant facts and circumstances, including but not limited to each of the following factors, if applicable: (i) the financial and operational capacity of the transferee; (ii) continuity of control, management, and persons responsible for the operation of the DPM; (iii) avoiding undue concentration of DPM appointments on the Exchange; (iv) available alternatives for reallocating the DPM’s appointment taking into account comments made and alternatives proposed by other Trading Permit Holders during the posting period; and (v) the best interests of the Exchange. If the proposed transferee is not approved to act as a DPM at the time the application is considered by the Exchange, the approval of the transfer may be made contingent on the transferee’s being so approved within a stated period of time.

(i) *Termination, Conditions, and Limitation.* The Exchange may terminate, place conditions upon, or otherwise limit a TPH organization’s approval to act as a DPM under any one or more of the following circumstances: (i) if the TPH organization incurs a material financial, operational, or personnel change; (ii) if the TPH organization fails to comply with any of the requirements under Rules 3.53, 3.54, or 5.54 or fails to adequately satisfy the standards of performance under paragraph (j) below; or (iii) if for any reason the TPH organization should no longer be eligible for approval to act as a DPM or to be appointed a particular class(es).

(1) Before the Exchange takes action to terminate, condition, or otherwise limit a TPH organization’s approval to act as a DPM, the TPH organization will be given notice of such possible action and an opportunity to present any matter which it wishes the Exchange to consider in determining whether to take such action. Such proceedings shall be conducted in the same manner as Exchange proceedings concerning DPM approvals pursuant to Rule 3.53.

(2) Notwithstanding subparagraph (h)(1), the Exchange has the authority to immediately terminate, condition, or otherwise limit a TPH organization’s approval to act as a DPM if it incurs a material financial, operational, or personnel change warranting such action.

(3) Limiting a TPH organization’s approval to act as a DPM may include, among other things, limiting or withdrawing the TPH organization’s DPM participation entitlement provided for under Rule 5.32, withdrawing the right of the TPH organization to act in the capacity of a DPM in a particular security or securities which have been

allocated to the TPH organization, and/or requiring the relocation of the TPH organization's DPM operation on the Exchange's trading floor.

(4) If a TPH organization's approval to act as a DPM is terminated, conditioned, or otherwise limited by the Exchange pursuant to this Rule, the TPH organization may seek review of that decision under Chapter 15 of the Rules.

(j) *Review of DPM Operations and Performance.* The Exchange may conduct a review of a DPM's operations or performance at any time. The review shall include, among other things, an evaluation of the extent to which the DPM has satisfied its obligations under Rule 5.54 and has otherwise acted in ways reasonably designed to make the Exchange competitive with other markets trading the same classes as those allocated to the DPM taking into account the Exchange's market share in those classes. A DPM and its associated persons shall submit to the Exchange such information requested by the Exchange in connection with a review of the DPM's operations or performance. Members appointed by the Exchange may perform the functions of a Floor Official at DPM trading stations.

Rule 3.54. DPM Designees

(a) A DPM may act as a DPM solely through its DPM Designees. A "DPM Designee" is an individual who is approved by the Exchange to represent a DPM in its capacity as a DPM. The Exchange may sub-classify DPM Designees and require that certain DPM Designees be subject to specified supervision and/or be limited in their authority to represent a DPM.

(b) Notwithstanding any other rules to the contrary, an individual must satisfy the following requirements in order to be a DPM Designee of a DPM:

(1) the individual must be approved to be a Trading Permit Holder;

(2) the individual must be a Responsible Person of the DPM;

(3) the individual must be registered as a Market-Maker pursuant to Rule 3.52;

(4) on such form or forms as the Exchange may prescribe, the DPM must authorize the individual to enter into Exchange transactions on behalf of the DPM in its capacity as a DPM, must authorize the individual to represent the DPM in all matters relating to the fulfillment of the DPM's responsibilities as a DPM, and must guaranty all obligations arising out of the individual's representation of the DPM in its capacity as a DPM in all matters relating to the Exchange; and

(5) the individual must be approved by the Exchange to represent the DPM in its capacity as a DPM.

Notwithstanding the provisions of subparagraph (b)(2) of this Rule, the Exchange may permit an individual who is not affiliated with a DPM to act as a DPM Designee for the DPM on an emergency basis provided that the individual satisfies the other requirements of paragraph (b) of this Rule.

(c) The approval of an individual to act as a DPM Designee expires in the event the individual does not have trading privileges on the Exchange for a six-month time period.

(d) A DPM Designee of a DPM may not trade as a Market-Maker in classes appointed to the DPM unless the DPM Designee is acting on behalf of the DPM in its capacity as a DPM.

Rule 3.55. LMMs

(a) Designation. The Exchange may designate one or more Market-Makers in good standing with an appointment in a class for which a DPM has not been appointed as a Lead Market-Maker (“LMM”). The Exchange will appoint an LMM for a term of no less than the time until the end of the then-current expiration cycle (“term”), which appointment may be to a class with one or more LMMs. The Exchange may approve one or more Market-Makers to act as LMMs in each class during Global Trading Hours in accordance with Rule 5.55 for terms of at least one month. Factors to be considered by the Exchange in selecting LMMs include: adequacy of capital, experience in trading options, presence in the trading crowd, adherence to Exchange rules and ability to meet the obligations specified in Rule 5.55. An LMM generally will operate on the Exchange’s trading floor (“On-Floor LMM”).

(1) An LMM can request that the Exchange authorize it to operate as an Off-Floor LMM in one or more classes. The Exchange will consider the factors specified in paragraph (a)(i) above, as well as the factors applicable to Off-Floor DPMs specified in Rule 3.53, in determining whether to permit an LMM to operate as an Off-Floor LMM. If an LMM is approved to operate as an Off-Floor LMM in one or more classes, the Off-Floor LMM can have an LMM designee trade in open outcry in the classes to which the Off-Floor LMM is appointed, but the Off-Floor LMM will not receive a participation entitlement under Rule 5.32 with respect to orders represented in open outcry.

(2) An LMM that is approved to operate as an Off-Floor LMM in one or more classes can request that the Exchange authorize it to operate as an On-Floor LMM in those option classes. In making a determination pursuant to this paragraph, the Exchange should evaluate whether the change is in the best interests of the Exchange, and may consider any information that it believes will be of assistance to it. Factors to be considered may include, but are not limited to, performance, operational capacity of the Exchange or LMM, efficiency, number and experience of personnel of the LMM who will be performing functions related to the trading of the applicable classes, number of classes involved, number of Market-Makers affected, and trading volume of the classes.

(3) Notwithstanding Rule 3.55(a): (i) in an option class in which an Off-Floor LMM or Off-Floor DPM has been appointed the Exchange in its discretion may also appoint an On-Floor LMM, which will be eligible to receive a participation entitlement under Rule 5.32 with respect to orders represented in open outcry; and (ii) in a class in which the Exchange does not grant an electronic participation entitlement pursuant to Rule 5.32 and in which the Exchange did not appoint an Off-Floor LMM or Off-Floor DPM, the Exchange may appoint an On-Floor LMM that has open-outcry obligations only. If the Exchange in its discretion determines

to reappoint a class in which an Off-Floor LMM or Off-Floor DPM has been appointed, the Exchange in its discretion may also terminate the On-Floor LMM appointment.

(b) *Removal.* The Exchange may remove an LMM if the LMM fails to meet the obligations set forth below, or any other applicable Rule. An LMM removed under this Rule may seek review of that decision under Chapter 15 of the Rules. If an LMM is removed or if for any reason an LMM is no longer eligible for or resigns its appointment or fails to perform its duties, the Exchange may designate one or more interim LMMs for the remainder of the term or shorter time period designated by the Exchange.

(c) *Evaluation.* The Exchange will review and evaluate the conduct of LMMs, including but not limited to compliance with Rules 3.52, 5.50, 5.51, 5.52 and 5.53.

Rule 3.56. PMMs

(a) *Designation.* Any Exchange Market-Maker type (e.g., LMM and DPM) may be designated as a PMM. The Exchange may allow, on a class-by-class basis, for the receipt of marketable orders through the System when the Exchange's disseminated quote is the NBBO that carry a designation from the Trading Permit Holder transmitting the order that specifies a Market-Maker in that class as the PMM for that order.

(b) *Entitlements.* A qualifying recipient of a PMM order is eligible for a participation entitlement pursuant to Rule 5.32. The System is programmed so that a recipient of a PMM order will only receive a participation entitlement for such order if the following provisions are met:

(1) The PMM has an appointment in the relevant option class.

(2) The PMM is quoting at the best bid/offer on the Exchange.

Rule 3.57. Flex Market-Makers

(a) *Application.* A registered Market-Maker may apply on a form prescribed by the Exchange to be a "FLEX Market-Maker" in one or more classes of FLEX Options.

(b) *Approval.* The Exchange considers an applicant's market-making ability and such other factors as the Exchange deems appropriate in determining whether to approve an applicant's registration as a FLEX Market-Maker.

(c) *Appointments.* A FLEX Market-Maker will automatically receive an appointment in the same FLEX options class(es) as its Non-FLEX class appointments selected pursuant to Rule 5.50.

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Rule 5.50. Market-Maker Appointments

(a) A registered Market-Maker may select class appointments to make markets in those classes during all trading sessions.

(b) A Market-Maker may enter an appointment request via an Exchange-approved electronic interface with the Exchange's systems by 2:30 a.m. for All Sessions, which appointment becomes effective on the open of the Global Trading Hours trading session, or by 9:00 a.m. for RTH Only classes, which appointment becomes effective on the open of the Regular Trading Hours session.

(c) The Exchange may limit the number of appointments a Market-Maker may have, or the number of Market-Makers that may have appointments in a class, pursuant to Rule 3.52(c).

(d) In the event a Market-Maker is a nominee or Responsible Person of a TPH organization, the TPH organization with which the Market-Maker is associated can request that the Exchange deem all class appointments be made to the TPH organization instead of to the individual Market-Maker. If such a request is made, the individual Market-Maker will continue to have all of the obligations of a Market-Maker under Exchange rules, except that the submission of electronic quotations and orders will be made by and on behalf of the TPH organization with which the individual Market-Maker is associated.

(e) During Regular Trading Hours, a Market-Maker has an appointment to trade open outcry in all classes traded on the Exchange. A TPH organization that is registered as a Market-Maker may only trade in open outcry through one of its nominees. A Market-Maker must be physically present in the trading crowd to trade in open outcry.

(f) A Market-Maker may submit electronic quotes from off of the Exchange's trading floor in the Market-Maker's appointed classes. While on the trading floor, a Market-Maker is not required to be present in the trading station where a class is located in order to submit electronic quotes in the class.

(g) Appointment Costs. A Market-Maker may select for each of its Trading Permits any combination of class appointments. All classes are placed within a specific tier according to trading volume statistics (except for the AA tier) and assigned an "appointment cost" depending upon its tier location as follows:

<u>Appointment Unit Tier</u>	<u>Option Classes</u>	<u>Appointment Weight</u>
<u>AA</u>	<u>Options on the Cboe Volatility Index (VIX)</u>	<u>.500**</u>
	<u>Options on the Standard & Poor's 500 Index (SPX)</u>	<u>1.00**</u>
	<u>Options on the iShares Russell 2000 Index Fund (IWM)</u>	<u>.500</u>

	<u>Options on the NASDAQ 100 Index (NDX)</u>	<u>.500</u>
	<u>Options on the S&P 100 (OEX)</u>	<u>.400</u>
	<u>Options on Standard & Poor's Depository Receipts (SPY)</u>	<u>.500</u>
	<u>Options on the Russell 2000 Index (RUT)</u>	<u>.500</u>
	<u>Options on the S&P 100 (XEO)</u>	<u>.100</u>
	<u>Morgan Stanley Retail Index Options (MVR)</u>	<u>.25</u>
	<u>Options on the iPath S&P 500 VIX Short-Term Futures</u>	<u>.100</u>
	<u>Index ETN (VXX)</u>	<u>.001</u>
	<u>Options on the S&P Energy Select Sector Index (SIXE)</u>	<u>.001</u>
	<u>Options on the S&P Technology Select Sector Index (SIXT)</u>	<u>.001</u>
	<u>Options on the S&P Health Care Select Sector Index (SIXV)</u>	<u>.001</u>
	<u>Options on the S&P Utilities Select Sector Index (SIXU)</u>	<u>.001</u>
	<u>Options on the S&P Consumer Staples Select Sector Index (SIXR)</u>	<u>.001</u>
	<u>Options on the S&P Industrials Select Sector Index (SIXI)</u>	<u>.001</u>
	<u>Options on the S&P Consumer Discretionary Select Sector Index (SIXY)</u>	<u>.001</u>
	<u>Options on the S&P Materials Select Sector Index (SIXB)</u>	<u>.001</u>
	<u>Options on the S&P Real Estate Select Sector Index (SIXRE)</u>	<u>.001</u>
	<u>Options on the S&P Communication Services Select Sector Index (SIXC)</u>	<u>.001</u>

<u>A*</u>	<u>Classes 1 - 60</u>	<u>.100</u>
<u>B*</u>	<u>Classes 61 - 120</u>	<u>.060</u>
<u>C*</u>	<u>Classes 121 - 345</u>	<u>.040</u>
<u>D*</u>	<u>Classes 346 - 570</u>	<u>.025</u>
<u>E*</u>	<u>Classes 571 - 999</u>	<u>.015</u>
<u>F*</u>	<u>All Remaining Classes</u>	<u>.001</u>
<u>Global Trading Hours</u>	<u>Options on the Cboe Volatility Index (VIX)</u>	<u>.4</u>
	<u>Options on the Standard & Poor's 500 (SPX)</u>	<u>.4</u>
	<u>Options on the Mini-SPX Index (XSP)</u>	<u>.1</u>
<u>* Excludes Tier AA.</u>		
<u>** If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.14, the SPX or VIX appointment cost, as applicable, confers the right to trade in all SPX or VIX groups.</u>		

(1) Tier Rebalance. The Exchange rebalances the tiers (excluding the “AA” tier above) set forth above once each calendar quarter, which may result in additions or deletions to their composition, and announces such rebalances pursuant to Rule 1.5 at least 10 business days before the rebalance takes effect. When a class changes tiers, it is assigned the appointment cost of that tier.

(2) Tier Appointments. The Exchange may establish one or more types of “tier appointments.” A “tier appointment” means an appointment to trade one or more options classes that must be held by a Market-Maker to be eligible to trade the options class or options classes subject to that appointment.

(A) A Market-Maker that seeks to trade an options class or options classes subject to a tier appointment must submit an application for that tier appointment in accordance with Rule 3.1. Issuance, termination, change, renewal, and transfer of tier appointments will be in accordance with Rule 3.1. The Exchange has the authority with respect to any type of tier appointment it has determined to establish to limit or reduce the number of that type of tier appointment, to increase the number of that type of tier appointment, and to establish objective standards to be issued, or to have renewed, that type of tier appointment in accordance with Rule 3.1.

(B) Tier appointments are subject to such fees and charges the Exchange establishes from time to time pursuant to Rule 2.1 and the Exchange Fees Schedule.

(h) DPM and Trading Crowd Appointments. The Exchange will determine for each options class traded on the Exchange (1) whether the class should be appointed to a trading crowd or to a DPM and (2) which trading crowd or DPM should be appointed the class. The Exchange will also determine the location on the Exchange's trading floor of each trading crowd, each DPM, and each class traded on the Exchange. The Exchange will limit or restrict the appointment or reappointment of classes in accordance with other Rules, as applicable.

(1) The Exchange may consider any information which the Exchange believes will be of assistance to it in making determinations pursuant to paragraph (g) above. Factors to be considered in making such determinations may include, but are not limited to, any one or more of the following: performance, volume, capacity, market performance commitments, operational factors, efficiency, competitiveness, environment in which the security will be traded, expressed preferences of issuers, and recommendations of Exchange committees.

(2) The appointment of a class to a trading crowd or DPM and the location of a trading crowd or DPM on the Exchange's trading floor does not convey ownership rights in such appointment or location or in the order flow associated with such appointment or location.

(i) DPM and Trading Crowd Appointment Removal, Reappointment, and Relocation. During the first 12 months following the appointment of a class to a trading crowd or DPM, the Exchange may remove the appointment, and may reappoint the class pursuant to paragraph (g) above, if the trading crowd or DPM fails to adhere to any market performance commitments made by the trading crowd or DPM in connection with receiving the appointment. Any determination made pursuant to paragraph (g) above may also be changed by the Exchange at any time if the Exchange concludes that a change is in the best interest of the Exchange based on operational factors or efficiency.

(1) Prior to taking any action pursuant to this paragraph (h), except when expeditious action is required, the Exchange, will notify the trading crowd or DPM involved of the reasons the Exchange considers taking such action and the kind of action that is under consideration, and shall either convene one or more informal meetings with the trading crowd or DPM to discuss the matter, or shall provide the trading crowd or DPM with the opportunity to submit a written statement to the Exchange. Ordinarily, neither counsel for the Exchange nor counsel for the trading crowd or DPM shall be invited to any such informal meetings, and no verbatim record of the meetings shall be kept.

(2) Subject to Rule 3.53(f), the Exchange will reappoint a class pursuant to paragraph (g) above in the event that the class is removed pursuant to another Exchange Rule from the trading crowd or DPM to which the class has been appointed or in the

event that for some other reason the trading crowd or DPM to which the class has been appointed no longer retains such appointment.

(3) The Exchange will relocate a trading crowd or DPM pursuant to paragraph (g) above in the event that the trading crowd or DPM is required to be relocated pursuant to another Exchange Rule.

(4) In the event an existing DPM is authorized to act as an Off-Floor DPM in one or more option classes, this will be considered a reappointment of classes pursuant to the paragraph (h).

(5) The Exchange determines whether or not to relocate all of the classes traded at a trading station operated by a DPM organization to another trading station operated by the same DPM, pursuant to a request from a DPM organization or on the Exchange's own initiative. When making such a determination, the Exchange evaluates whether the change is in the best interests of the Exchange, and the Exchange may consider any information that it believes will be of assistance to it. Factors to be considered may include, but are not limited to, any one or more of the following: performance, operational capacity of the Exchange or the DPM, efficiency, number and experience of personnel of the DPM who will be performing functions related to the trading of the applicable classes, number of classes involved in the relocation, number of Market-Makers affected by the relocation of the classes, and trading volume of the classes.

(j) *Temporary DPM and Trading Crowd Appointments and Reappointments.* The Exchange may make temporary appointments of classes either to a DPM or a non-DPM trading crowd by explicitly indicating to such DPM or non-DPM trading crowd at the time of appointment that the appointment is temporary. The Exchange at any time during the first 12 months following the granting of the temporary appointment may determine it is in the best interest of the Exchange to reappoint the class such that: (1) a class initially appointed to a DPM is reappointed to a non-DPM trading crowd; or (2) a security initially allocated to a non-DPM trading crowd is reappointed to a DPM.

(k) *Conditions on DPM Appointments.* The Exchange may establish (1) restrictions applicable to all DPMs on the concentration of classes that may be appointed to a single DPM and to affiliated DPMs and (2) minimum eligibility standards applicable to all DPMs which must be satisfied in order for a DPM to receive class appointments, including but not limited to standards relating to adequacy of capital and number of personnel. The Exchange has the authority under other Exchange rules to restrict the ability of particular DPMs to receive class appointments, including but not limited to, Rules 5.54 and Rule 5.53.

(l) *DPM and LMM Appointments.* The Exchange may designate a class for trading without a DPM or LMM. If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.14. In addition:

(1) The Exchange may assign a DPM or LMM to the group of series or may designate the group of series for trading without a DPM or LMM.

(2) Market-Maker appointments apply on a class basis, except DPM and LMM appointments apply only to the group of series to which the respective DPM or LMM is appointed, if applicable.

Rule 5.51. Market-Maker Obligations

(a) In registering as a Market-Maker, a Trading Permit Holder commits itself to various obligations. Transactions of a Market-Maker in its market-making capacity must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market-Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Ordinarily, a Market-Maker must:

(1) during the trading day, maintain a continuous two-sided market in each of its appointed classes, pursuant to Rule 5.52(d);

(2) engage, to a reasonable degree under the existing circumstances, in dealings for its own accounts when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of (or demand for) a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class;

(3) compete with other Market-Makers in its appointed classes;

(4) update quotations in response to changed market conditions in its appointed classes;

(5) maintain active markets in its appointed classes; and

(6) make markets that will be honored for the number of contracts entered into the System in its appointed classes.

(b) Market-Makers should only effect purchases or sales on the Exchange in a reasonable and orderly manner.

(c) With respect to trading in appointed classes:

(1) Market-Makers who are physically present in a trading station may enter quotes and orders in their appointed classes by public outcry in response to a request for a quote or through an Exchange-approved electronic interface via an Exchange-approved quote generation device.

(2) Market-Makers may also enter quotes and orders in their appointed classes through an Exchange-approved electronic interface via an Exchange-approved quote generation device.

(3) Market-Makers may also submit orders for automatic execution in accordance with the requirements of Rule 5.32.

(d) With respect to trading in non-appointed classes, Market-Makers may submit orders for automatic execution in accordance with the requirements of Rules 5.32 and 8.26.

(e) If the Exchange finds any substantial or continued failure by a Market-Maker to engage in a course of dealings as specified in paragraph (a) of this Rule, the Market-Maker will be subject to disciplinary action or suspension or revocation of its registration as a Market-Maker or its appointment in one or more of its appointed classes. Nothing in this Rule will limit any other power of the Exchange under the Rules, or procedures of the Exchange with respect to the registration or appointment of a Market-Maker or in respect of any violation by a Market-Maker of the provisions of this Rule.

(f) The obligations and duties of Market-Makers set forth in this Rule 5.51 apply to an in-crowd Market-Maker only when the in-crowd Market-Maker is present in the trading crowd and to a Market-Maker electronically quoting only when the Market-Maker is logged on to the System. Market-Makers remain subject to Rule 5.52(e) while on the floor of the Exchange.

Rule 5.52. Market-Maker Quotes

(a) Firm Quotes. Market-Maker bids and offers are firm for all orders under this Rule and Rule 602 of Regulation NMS under the Exchange Act ("Rule 602") for the number of contracts specified in the bid or offer, except if:

(1) a system malfunction or other circumstance impairs the Exchange's ability to disseminate or update market bids and offers in a timely and accurate manner;

(2) the level of trading activities or the existence of unusual market conditions is such that the Exchange is incapable of collecting, processing, and making available to quotation vendors the data for the option in a manner that accurately reflects the current state of the market on the Exchange;

(3) prior to the conclusion of the Opening Auction Process; or

(4) any of the circumstances provided in Rule 602(c)(4) exist.

Market-Makers may display indicative spread prices on the websites of TPH organizations through a system licensed from a third party, developed by the Exchange, or otherwise. Such indicative prices are not regarded as firm quotes, and a Market-Maker is not obligated to execute at the indicative prices spread orders that are entered into the market.

(b) Size. A Market-Maker's bid (offer) for a series must be accompanied by the minimum number of contracts determined by the Exchange on a class-by-class basis, the minimum of which will be one contract at the price of the bid (offer) the Market-Maker is willing to buy (sell). For SPX, the Exchange may also determine minimum an initial quote size on a premium basis and an expiration basis for series with expirations (1) no more than one week, (2) between one week and three months, (3) between three months and six months, (4) between six months and 15 months, and (5) 15 months or more. The obligation of Market-Makers to make

competitive markets under Rule 5.51 does not preclude Trading Permit Holders in a trading crowd from discussing a request for a market that is greater than the disseminated size for that option class, for the purpose of making a single bid (offer) based upon the aggregate of individual bids (offers) by Trading Permit Holders in the trading crowd, but only when the Trading Permit Holder representing the order asks for a single bid (offer). Whenever a single bid (offer) pursuant to this paragraph is made, such bid (offer) is a firm quote, and each ICMP participating in the bid (offer) must fulfill his portion of the single bid (offer) at the single price.

(c) *Two-Sided Quotes.* A Market-Maker that enters a bid (offer) on the Exchange in a series in an appointed class must enter an offer (bid).

(d) *Continuous Electronic Quotes.* A Market-Maker must enter continuous electronic bids and offers (in accordance with the requirements in Rules 5.51 and 5.52).

(1) If a Market-Maker never trades more than 20% of the Market-Maker's contract volume electronically in an appointed class during any calendar quarter, a Market-Maker will not be obligated to quote electronically in any designated percentage of series within that class pursuant to subparagraph (d)(2). The Exchange will monitor a Market-Maker's trading activity in each appointed class every calendar quarter to determine whether it exceeds the threshold established in this subparagraph (d)(1). If a Market-Maker exceeds the threshold established below, the obligations contained in (d)(2) will be effective the next calendar quarter. For a period of 90 days commencing immediately after a class begins trading on the System, this subparagraph (d)(1) governs trading in that class.

(2) If a Market-Maker trades more than 20% of the Market-Maker's contract volume electronically in an appointed class during any calendar quarter, commencing the next calendar quarter, a Market-Maker must provide continuous electronic quotes by submitting continuous bids and offers (in accordance with the requirements in Rules 5.51 and 5.52) for 90% of the time the Market-Maker is required to provide electronic quotes in an appointed option class on a given trading day. A Market-Maker must provide continuous quotes in 60% of the series of the Market-Maker's appointed classes, excluding any adjusted series, any intra-day add-on series on the day during which such series are added for trading, any Quarterly Option series, and any series with an expiration of greater than 270 days.

(A) If a technical failure or limitation of the System prevents a Market-Maker from maintaining, or from communicating to the Exchange, timely and accurate quotes in a series, the Exchange does not consider the duration of such failure when determining whether that Market-Maker has satisfied its 90% continuous quoting obligation with respect to that options class. The Exchange may consider other exceptions to the 90% continuous electronic quote obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances

(B) Compliance with this quoting obligation applies to all of a Market-Maker's appointed classes collectively. The Exchange will determine compliance by a Market-Maker with this quoting obligation on a monthly basis. However, determining compliance with this quoting obligation on a monthly basis does not relieve a Market-Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Market-Maker for failing to meet this obligation each trading day.

(C) The Exchange may consider other exceptions to this obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

(D) The obligations set forth in this paragraph (d)(2) will be (i) suspended during a trading halt, suspension, or pause in the underlying security, and will not recommence until after the first regular way transaction on the primary listing market in the underlying security following such halt, suspension, or pause in the underlying security, as reported by the responsible single plan processor, and (ii) suspended for the duration that an underlying NMS stock is in a limit up-limit down state.

(E) The obligations set forth in this paragraph (d) apply to a Market-Maker across trading sessions (e.g., if a Market-Maker has an appointment in a class that is open for trading during Regular Trading Hours and Global Trading Hours, the Exchange will determine a Market-Maker's compliance with the continuous electronic quoting requirement during the trading day). The obligations apply only when the Market-Maker is quoting in a particular class during a given trading day. The obligations are not applicable to an appointed class if a Market-Maker is not quoting in that appointed class.

(F) If the Exchange lists SPX or VIX on a group basis pursuant to Rule 4.14 obligations of an SPX or VIX Market-Maker apply on a class basis, except if the Exchange determines to apply obligations on a group basis.

(G) A Market-Maker's continuous quoting obligations in this subparagraph (d)(2) apply collectively to Market-Makers associated with the same Trading Permit Holder firm.

(e) *Open Outcry Quotes.* In response to a request for quote by a Trading Permit Holder or PAR Official directed at an in-crowd Market-Maker or in response to a general request for a quote by a Trading Permit Holder of PAR Official when a market is not then being vocalized by a reasonable number of Market-Makers, a Market-Maker that is in the trading crowd but that is not quoting electronically or in open outcry in an appointed class must provide a two-sided quote complying with the size requirements pursuant to paragraph (b) above. This obligation applies only when the Market-Maker is quoting in a particular class during a given trading day. This obligation does not apply to an appointed class if a Market-Maker is not quoting in that appointed class.

(1) The Exchange can vary the minimum number of contracts pursuant to paragraph (b) above provided in response to a request by a Trading Permit Holder or PAR Official for non-broker-dealer orders and broker-dealer orders. Unless an options class is exempted by the Exchange, under normal market conditions an in-crowd Market-Maker's bid or offer for a series of options of unspecified size is for five contracts.

(2) The Exchange will determine the bid/ask differential requirements on a class by class basis for a Market-Maker's Open Outcry quotes. By making a verbal bid, a Market-Maker is also making an offer at the spread allowable in accordance with the bid/ask differential requirements determined by the Exchange on a class by class basis. By making a verbal offer, a Market-Maker is also making a bid at the spread allowed in accordance with the bid/ask differential requirements determined by the Exchange on a class by class basis.

(f) Quote Designation. A designated Exchange Official may call on a Market-Maker to submit a single quote or maintain continuous quotes in one or more series of a Market-Maker's appointed class whenever, in the judgment of the Exchange, it is necessary to do so in the interest of maintaining a fair and orderly market.

(g) Non-Appointed Classes. A Market-Maker is considered an OEF under the Rules in all classes in which the Market-Maker has no appointment. The total number of contracts a Market-Maker may execute in classes in which it has no appointment may not exceed 25% of the total number of all contracts the Market-Maker executes on the Exchange in any calendar quarter.

(1) Trading in non-appointed classes of options at the request of a Floor Official or DPM is deemed to be trading in appointed classes.

(2) With respect to classes of option contracts in which a Market-Maker has no appointment, a Market-Maker should not engage in transactions for an account in which the Market-Maker has an interest which are disproportionate in relation to, or in derogation of, the performance of his obligations as specified in Rule 5.51 and this Rule 5.52 with respect to those classes of option contracts to which the Market-Maker does hold Appointments.

Rule 5.53. Good Standing for Market-Makers

(a) To remain in good standing as a Market-Maker, the Market-Maker must:

(1) continue to meet the requirements established in Exchange Act Rule 15c3-1(a)(6)(i), the general requirements for Trading Permit Holders set forth in Chapter 3 of the Rules, and the Market-Maker requirements set forth in Chapter 5 of the Rules.

(2) comply with the Rules as well as the Rules of the Clearing Corporation and the Federal Reserve Board; and

(3) pay on a timely basis such participation, transaction, and other fees as the Exchange prescribes.

(b) The Exchange may suspend or terminate a Trading Permit Holder's registration as a Market-Maker or a Market-Maker's appointment to a class, or otherwise withdraw the good standing of a Market-Maker as provided in the Rules, if the Market-Maker ceases to maintain any of these conditions for approval or violates any of its agreements with the Exchange or any of the provisions of the Rules.

Rule 5.54 DPMs

(a) RTH Obligations. Each DPM must fulfill all of the obligations of a Market-Maker under the Rules, and must satisfy each of the following requirements in the classes appointed to the DPM. To the extent that there is any inconsistency between the specific obligations of a DPM set forth in this paragraph (a) and the general obligations of a Market-Maker under the Rules, this paragraph (a) governs. Each DPM must comply with the following:

(1) during Regular Trading Hours, provide continuous electronic quotes by submitting continuous bids and offers (in accordance with the requirements in Rules 5.51 and 5.52) in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair, with the term "call-put pair" referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price, in a DPM's appointed classes. A DPM must assure that its disseminated market quotations are accurate.

(A) This obligation does not apply to any adjusted series or intra-day add-on series on the day during which such series are added for trading. A DPM may still receive a participation entitlement in such series if it elects to quote in such series and otherwise satisfies the requirements set forth in subparagraph (f) below.

(B) Compliance with this quoting obligation applies to all of a DPM's appointed classes collectively. The Exchange will determine compliance by a DPM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a DPM from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against DPM for failing to meet this obligation each trading day.

(C) DPM continuous electronic quoting obligations may be satisfied by DPM either individually or collectively with DPM Market-Makers of the same TPH organization.

(D) When the underlying security for a class is in a limit up-limit down state, as defined in Rule 5.21, DPMs have no quoting obligations in the class. A DPM may receive a participation entitlement in series of such a class when the underlying security has entered a limit up limit down state if it elects to quote in

such series and otherwise satisfies the requirements set forth in subparagraph (f) below.

(E) If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.14, obligations of a DPM with an SPX or VIX appointment, as applicable, apply on a class basis, except if the Exchange determines to apply obligations on a group basis.

(2) to the extent the DPM operates on the trading floor, assure that the number of DPM Designees and support personnel continuously present at the trading station throughout every business day is not less than the minimum required by the Exchange. An Off-Floor DPM similarly must assure that the number of DPM Designees and support personnel continuously overseeing the DPM's activities is not less than the minimum required by the Exchange. Additionally, an Off-Floor DPM must provide members with telephone access to a DPM Designee at all times during market hours for purposes of resolving problems involving trading on the Exchange.

(3) trade in all classes appointed to the DPM only in the capacity of a DPM and not in any other capacity.

(4) not initiate a transaction for the DPM's own account that would result in putting into effect any stop or stop limit order which may be in the book or which the DPM represents as Floor Broker except with the approval of a Floor Official and when the DPM guarantees that the stop or stop limit order will be executed at the same price as the electing transaction. The restrictions set forth in this paragraph do not apply to stop or stop limit orders received through the System unless the terms of such orders are visible to the DPM, or unless such orders are handled by the DPM.

(5) determine a formula for generating automatically updated market quotations.

(6) enter opening quotes for the Regular Trading session within one minute of the initiation of an opening rotation in any series that is not open due to the lack of a quote pursuant to Rule 5.31. In option classes in which both an On-Floor LMM and an Off-Floor DPM or Off-Floor LMM have been appointed, the obligation set forth in this paragraph (a)(7) will be that of the Off-Floor DPM or Off-Floor LMM and not on the On-Floor LMM.

(b) Agency Transactions. A DPM may not execute orders as an agent or Floor Broker in its appointed classes.

(c) Other Obligations. In addition to the obligations described in paragraphs (a) and (b) of this Rule, a DPM must:

(1) resolve disputes relating to transactions in the classes appointed to the DPM, subject to Floor Official review, upon the request of any party to the dispute;

(2) make competitive markets on the Exchange and otherwise promote the Exchange in a manner that is likely to enhance the ability of the Exchange to compete successfully for order flow in the classes it trades. Willingness to promote the Exchange as a marketplace includes assisting in meeting and educating market participants (and taking the time for travel related thereto), maintaining communications with Trading Permit Holders in order to be responsive to suggestions and complaints, responding to suggestions and complaints, and other like activities;

(3) promptly inform the Exchange of any desired change in the DPM Designees who represent the DPM in its capacity as a DPM and of any material change in the financial or operational condition of the DPM;

(4) supervise all persons associated with the DPM to assure compliance with the Rules;

(5) continue to act as a DPM and to fulfill all of the DPM's obligations as a DPM until the Exchange relieves the DPM of its approval and obligations to act as a DPM or the Exchange terminates the DPM's approval to act as a DPM pursuant to Rule 3.53.

(d) *Obligations of DPM Associated Persons.* Each person associated with a DPM must comply with the provisions of subparagraph (a), (b), and (c) of this Rule when acting on behalf of the DPM.

Rule 5.55. LMMs

(a) *RTH Obligations.* Each LMM must fulfill all the obligations of a Market-Maker under the Rules and must:

(1) during Regular Trading Hours, provide continuous electronic quotes by submitting continuous bids and offers (in accordance with the requirements in Rules 5.51 and 5.52) in at least the lesser of 99% of the non-adjusted option series or 100% of the non-adjusted option series minus one call-put pair, with the term "call-put pair" referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price, in a LMM's appointed classes.

(A) This obligation does not apply to any adjusted series or intra-day add-on series on the day during which such series are added for trading. An LMM may receive a participation entitlement in intra-day add-on series on the day during which such series are added for trading if it elects to quote in such series.

(B) LMM continuous electronic quoting obligations may be satisfied by LMMs either individually or collectively with LMMs of the same TPH organization.

(2) enter opening quotes for the Regular Trading Hours trading session within one minute of the initiation of an opening rotation in any series that is not open due to the lack of a quote pursuant to Rule 5.31.

(A) In an option class in which the Exchange has appointed both an On-Floor LMM and an Off-Floor DPM or Off-Floor LMM, the obligation set forth in this subparagraph (a)(2) will be that of the Off-Floor DPM or Off-Floor LMM and not the On-Floor LMM.

(B) In an option class in which the Exchange has appointed an On-Floor LMM that has open outcry obligations only, that On-Floor LMM will not be obligated to comply with this subparagraph (a)(2).

(3) make competitive markets on the Exchange and otherwise promote the Exchange in a manner that is likely to enhance the ability of the Exchange to compete successfully for order flow in the classes it trades.

(4) continue to act as an LMM and fulfill the obligations of an LMM until the end of its term or until the Exchange relieves the LMM of its approval to act as an LMM or of its appointment and obligations to act as an LMM in a particular class.

(5) immediately notify the Exchange of any material operational or financial changes to the LMM organization as well as obtain the Exchange's approval prior to effecting changes to the ownership, capital structure, voting authority, distribution of profits/losses, or control of the LMM organization.

(b) *Global Trading Hours.* If an LMM is approved to act as an LMM during Global Trading Hours pursuant to Rule 3.55, then the LMM must comply with the continuous quoting obligation and other obligations of Market-Makers set forth in Rule 5.52(d)(2) but does not have to comply with the obligations under paragraph (a) above. LMMs do not receive a participation entitlement during Global Trading Hours.

(c) *Limit Up-Limit Down.* When the underlying security for a class is in a limit up-limit down state, as defined in Rule 5.21, LMMs have no quoting obligations in the class. However, an LMM may still receive a participation entitlement in series of such a class when the underlying security is in a limit up-limit down state if it elects to quote in such series.

(d) *Group Listing.* If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.14, obligations of an SPX or VIX Market-Maker designated as a LMM, as set forth in Rule 3.55, apply on a class basis, unless the Exchange determines to apply obligations on a group basis.

(e) *Compliance.* Compliance with this quoting obligation applies to all of an LMM's appointed classes collectively. The Exchange will determine compliance by an LMM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve an LMM from meeting this obligation on a daily basis, nor does it

prohibit the Exchange from taking disciplinary action against an LMM for failing to meet this obligation each trading day.

(1) In an option class in which both an On-Floor LMM and an Off-Floor DPM or Off-Floor LMM have been appointed, the On-Floor LMM will not be obligated to comply with this Rule 5.55 and instead will be obligated to comply with the obligations of Market-Makers in Rule 5.52.

(2) In an option class in which the Exchange appointed an On-Floor LMM that has open-outcry obligations only, that On-Floor LMM will not be obligated to comply with this Rule 5.55 and instead will be obligated to comply with the obligations of Market-Makers in Rule 5.52 and have a designee in the class's crowd on the trading floor for the entire trading day (except for a de minimis amount of time).

Rule 5.56. PMMs

(a) *RTH Obligations.* The PMM must comply with the quoting obligations applicable to its Market-Maker type (e.g. LMM and DPM) under the Rules and, during Regular Trading Hours, must provide continuous electronic quotes by submitting continuous bids and offers (in accordance with the requirements in Rules 5.51 and 5.52) in at least the lesser of 99% of the non-adjusted option series that have a time to expiration of 270 days or less or 100% of the non-adjusted option series that have a time to expiration of 270 days or less minus one call- put pair, with the term "call-put pair" referring to one call and one put that cover the same underlying instrument and have the same expiration date and exercise price, in a PMM's classes for which it receives a participation entitlement.

(1) This obligation does not apply to any adjusted series or intra-day add-on series on the day during which such series are added for trading. However, a PMM may still receive a participation entitlement in such series if it elects to quote in such series and otherwise satisfies the requirements set forth in Rule 3.56.

(2) PMM continuous electronic quoting obligations may be satisfied by PMMs either individually or collectively with PMMs of the same TPH organization.

(b) *Limit Up-Limit Down.* When the underlying security for a class is in a limit up-limit down state, as defined in Rule 5.21. PMMs have no quoting obligations in the class. However, a PMM may still receive a participation entitlement in series of such a class when the underlying security is in a limit up-limit down state if it elects to quote in such series and otherwise satisfies the requirements set forth in paragraph Rule 3.56.

(c) *Group Listing.* If the Exchange determines to list SPX or VIX on a group basis pursuant to Rule 4.14, obligations of an SPX or VIX Market-Maker designated as a PMM, as set forth in Rule 3.56, apply on a class basis, unless the Exchange determines to apply obligations on a group basis.

(d) *Compliance.* Compliance with the quoting obligation in subparagraph (a) applies to all of a PMM's classes for which it receives PMM orders collectively. The Exchange will determine compliance by a PMM with this quoting obligation on a monthly basis. However, determining compliance with this obligation on a monthly basis does not relieve a PMM from meeting this quoting obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a PMM for failing to meet this obligation each trading day.

Rule 5.57. FLEX Market-Makers

Each FLEX Market-Maker must fulfill all the obligations of a Market-Maker under the Rules and must comply, as applicable, with the following:

(a) A FLEX Market-Maker may, but is not obligated to, respond to a FLEX electronic or open outcry auction in a class in which the FLEX Market-Maker is appointed.

(b) A FLEX Official may call upon FLEX Market-Makers appointed in a class of FLEX Options to respond to a specific FLEX Auction in that class of FLEX Options whenever in the opinion of the FLEX Official the interests of a fair, orderly, and competitive market are best served by such action, and will make such a call upon FLEX Market-Makers whenever no responses to a specific FLEX Auction are submitted.

(c) FLEX Market-Makers do need not provide continuous quotes in FLEX Options.

Rule 5.58. Stopping of Option Orders

(a) *General.* Stopping an option order at a specified price represents a guarantee by a Market-Maker or DPM who "grants the stop" that the order of the Floor Broker who "accepts the stop" will be executed at the stop price or better. No Market-Maker or DPM is required to agree to grant, and no Floor Broker is required to accept, a stop.

(b) *Conditions.* A Market-Maker or DPM may grant a stop and a Floor Broker may accept a stop subject to all of the following conditions:

(1) When stopping a straight order or only the option portion of a buy-write, the Market-Maker or DPM shall make the trading crowd aware of the stop price and size.

(2) The Floor Broker shall time-stamp the card or ticket at the time that the stop is granted and accepted.

(3) The Market-Maker or DPM who grants a stop order must execute, if requested, one or more additional orders in the same series of options not to exceed, in aggregate, the total quantity of contracts included in the original stopped order at the same stop price.

(4) If a transaction occurs in the crowd at the stop price, the Floor Broker must immediately elect to execute the stop order at the stop price and size or release the Market-Maker or DPM from his guarantee.

(5) In improving on the stop price once a Floor Broker has accepted a stop, a Floor Broker must bid no more than one minimum increment less than the stop and must offer no more than one minimum increment greater than the stop.

(c) Priority Accorded Stopped Orders. Unless the order is in the public limit order book, a Market-Maker or DPM who has granted a stop has priority at the stop price over a new crowd order, at the same limit, if the stopped order is properly time-stamped by the Floor Broker at the time the stop is granted and accepted.

(d) Notice to Customer. Within a reasonably practicable time after a customer's order has been stopped, the Floor Broker or, if different, the TPH organization handling the customer's account, shall so inform the customer.

(e) Reporting Executions of Stopped Orders. All executions of stopped orders shall be reported on the tape. In addition to other reporting information required under the Rules, the Trading Permit Holder with the responsibility for reporting the transaction must indicate the fact that a stopped order has been executed by writing the letters "ST" clearly on the card or ticket used to record and report transactions.

(f) Effect of Trading Halts on Stopped Orders. An order to buy that is stopped at the offer price prior to a halt in trading shall receive the stop price if, when the option reopens, it trades at the stop price or at a higher price. If the option reopens and trades at a lower price than the stop price, the stop is no longer effective since the market price is better than the stop price, and it is then the responsibility of the Floor Broker to execute the order at the best possible price. The same principles apply to a sell order that is stopped at a bid price.

(g) Liability for Stopped Orders. If an order is executed at a less favorable price than that agreed upon, the Market-Maker or DPM who granted the stop shall be liable for an adjustment of the difference between the two prices.

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CHAPTER 7. REGULATORY RECORDS, REPORTS, AND AUDITS

SECTION A. GENERAL

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Rule 7.6. Securities Accounts and Orders of Market-Makers

(a) Identification of Accounts. In a manner prescribed by the Exchange, each Market-Maker must file with the Exchange and keep current a list identifying all accounts for stock, options, and related securities trading in which the Market-Maker may, directly or indirectly,

engage in trading activities or over which it exercises investment discretion. No Market-Maker may engage in stock, options, or related securities trading in an account that has not been reported pursuant to this Rule.

(b) Reports of Orders. Each Market-Maker must, upon the request of the Exchange and in the prescribed form, report to the Exchange every order entered by the Market-Maker for the purchase or sale of (1) a security underlying options traded on the Exchange, or (2) a security convertible into or exchangeable for such underlying security, as well as opening and closing positions in all such securities held in each account reported pursuant to paragraph (a) of this Rule. The report pertaining to orders must include the terms of each order, identification of the brokerage firms through which the orders were entered, the times of entry or cancellation, the times report of execution were received, and, if all or part of the order was executed, the quantity and execution price. Reports of accounts and transactions required to be filed pursuant to this Rule relate only to accounts in which a Market Maker, as an individual, directly or indirectly controls trading activities or has a direct interest in the profits or losses of such account. Such reports are required for accounts over which a Market Maker exercises investment discretion as well as a Market Maker's proprietary accounts.

(c) Joint Accounts. No Market-Maker may, directly or indirectly, hold any interest or participate in any joint account for buying or selling any options contract unless each participant in such joint account is a Trading Permit Holder and unless such account is reported to, and not disapproved by, the Exchange. Such reports in a form prescribed by the Exchange must be filed with the Exchange before any transaction is effected on the Exchange for such joint account. A participant in a joint account must:

(1) Be either a Market-Maker or a Clearing Trading Permit Holder that carries the joint account. A Market-Maker may participate in a joint account on behalf of a TPH organization with which he is associated. Market-Makers participating in a joint account may be associated with the same TPH organization.

(2) File and keep current a completed application on the form prescribed by the Exchange.

(3) Be jointly and severally responsible for assuring that the account complies with all the Rules. In the case where a participant in a joint account is a nominee or Responsible Person of a TPH organization, and the participant is not acting as an independent Market-Maker, the TPH organization and not the participant shall be so liable.

(4) Not be a Market-Maker with an appointment in the same option classes to which the joint account holder also has an appointment a Market-Maker.

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Rule 8.25. Restriction on Acting as Market-Maker and Floor Broker

Except under unusual circumstances and with the prior permission of a Floor Official, no Trading Permit Holder shall, on the same business day, act as a Market-Maker and also act as a Floor Broker (i) with respect to option contracts traded at a given station, or (ii) in any security determined by the Exchange to be related to such a security. The word “station” means a location on the trading floor, at which classes of option contracts are traded, which classes of options compose all or part of a Market-Maker appointment. The word “station” is synonymous with the term “trading crowd.” (a) For purposes of this Rule, index options (as provided in Chapter 4, Section B), index participations, index warrants, and index UIT interests, based on either the Standard & Poor’s 100-Stock Price Index or the Standard & Poor’s 500-Stock Price Index are all related to each other. FLEX Index Options are considered related to index options, index participations, and index warrants.

(b) A Trading Permit Holder who issues a commitment to trade from the Exchange through ITS or any other application of the System, as a consequence thereof, is deemed for purposes of this Rule to have engaged in a transaction in such security.

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Rule 11.6. Market-Maker Financial Requirements and Arrangements

(a) Each Market-Maker must maintain net capital sufficient to comply with the requirements of Exchange Act Rule 15c3-1. Each Market-Maker that is a Clearing Trading Permit Holder must also maintain net capital sufficient to comply with the requirements of the Clearing Corporation.

(b) Each Market-Maker who makes an arrangement to finance its transactions as a Market-Maker must identify to the Exchange the source of the financing and its terms. The Exchange must be informed immediately of the intention of any party to terminate or change any such arrangement.

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