

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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**Chicago Board Options Exchange, Incorporated
Rules**

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Rule 1.1. Definitions

When used in these Rules, unless the context otherwise requires:

(a) – (ee) No change.

Voluntary Professional

(fff) The term “Voluntary Professional” means any person or entity that is not a broker or dealer in securities that elects, in writing, to be treated in the same manner as a broker or dealer in securities for purposes of Rules 6.2A, 6.2B, 6.8C, 6.9, 6.13A, 6.13B, 6.25, 6.45[, 6.45A (except for Interpretation and Policy .02), 6.45B] (except for Interpretation and Policy .02), 6.47, 6.53C(c)(ii), 6.53C(d)(v), subparagraphs (b) and (c) under Interpretation and Policy .06 to Rule 6.53C, 6.74 (except Voluntary Professional orders may be considered public customer orders subject to facilitation under paragraphs (b) and (d)), 6.74A, 6.74B, 8.13, 8.15(d), 8.87, 24.19, 43.1, 44.4, 44.14, and for cancellation fee treatment. The Voluntary Professional designation is not available in Hybrid 3.0 classes.

Professional

(ggg) The term “Professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). A Professional will be treated in the same manner as a broker or dealer in securities for purposes of Rules 6.2A, 6.2B, 6.8C, 6.9, 6.13A, 6.13B, 6.25, 6.45[, 6.45A (except for Interpretation and Policy .02), 6.45B] (except for Interpretation and Policy .02), 6.47, 6.53C(c)(ii), 6.53C(d)(v), subparagraphs (b) and (c) under Interpretation and Policy .06 to Rule 6.53C, 6.74 (except Professional orders may be considered public customer orders subject to facilitation under paragraphs (b) and (d)), 6.74A, 6.74B, 8.13, 8.15(d), 8.87, 24.19, 43.1, 44.4, 44.14. The Professional designation is not available in Hybrid 3.0 classes. All Professional orders shall be marked with the appropriate origin code as determined by the Exchange.

... Interpretations and Policies:

.01 No change.

(hhh) – (sss) No change.

Broker-Dealer Order

(ttt) A “broker-dealer order” is an order for an account in which a Trading Permit Holder, a non-Trading Permit Holder broker or dealer in securities (including a foreign broker-dealer), a joint venture with a Trading Permit Holder and non-Trading Permit Holder participants, or, in Hybrid classes for purposes of the Rules listed in paragraphs (fff) and (ggg) of this Rule 1.1, a Voluntary Professional or Professional has an interest.

In-Crowd Market Participant

(uuu) The term “in-crowd market participant” or “ICMP” means an in-crowd Market-Maker, an on-floor DPM or LMM with an allocation or appointment, respectively, in the class, or a floor broker or PAR Official representing orders in the trading crowd.

Priority Customer

(vvv) In Hybrid classes, a “priority customer” means a person or entity that is a public customer and is not a Professional or Voluntary Professional. In Hybrid 3.0 classes, a “priority customer” means a person or entity that is a public customer.

Priority Customer Order

(www) A “priority customer order” is an order for the account of a priority customer.

Public Customer

(xxx) A “public customer” means a person or entity that is not a broker or dealer in securities.

Public Customer Order

(yyy) A “public customer order” is an order for the account of a public customer.

... Interpretations and Policies:

.01 – .05 No change.

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Rule 6.1A. Extended Trading Hours

(a) – (d) No change.

(e) *Market-Makers.*

(i) – (ii) No change.

(iii) *Lead Market-Makers.*

(A) No change.

(B) During Extended 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[B] and 8.15 during Extended Trading Hours.

(C) No change.

(iv) No change.

(f) – (k) No change.

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Rule 6.2A. Rapid Opening System

This rule applies only to Regular Trading Hours. This rule has no applicability to series trading on the CBOE Hybrid Opening System. Such series will be governed by Rule 6.2B.

(a) Operation

(i) *Orders on the Electronic Book.* The Rapid Opening System (“ROS”) is an Exchange automated system for opening classes of options at the beginning of Regular Trading Hours or for re-opening classes of options during Regular Trading Hours. The use of ROS will be governed on a class basis by the Exchange. All pre-open orders entered into the electronic book will be included in the ROS calculations. Quotes for all series of each option class, as generated by AutoQuote, will be sent to ROS. AutoQuote values can be adjusted by the Market-Makers before those values are sent to ROS. In those cases where thresholds for aggregate risk and aggregate contracts to trade are exceeded, AutoQuote values may be adjusted after they have been sent to ROS. ROS will check the thresholds against the actual risk and contracts to trade once AutoQuote has received an input for the underlying security value. A pricing algorithm, i.e., a set of rules coded into the system, will be used to determine the opening price at or between the quotes sent by AutoQuote. The algorithm was designed to maximize the number of priority customer orders able to be executed on the opening. ROS will automatically cross priority customer orders that can be crossed; the balance of orders, if any, to be traded at that price will be assigned to participating Market-Makers if the opening price is at either the AutoQuote bid or offer. If the opening price is between the AutoQuote bid or offer, then no trades will be assigned to participating Market-Makers. However, any orders which are not executed as part of the opening will remain in the Exchange’s electronic book and will be reflected in the opening bid or offer improving the AutoQuote bid or offer.

(ii) *Non-Booked Orders.* In order to ensure participation on the opening, brokers representing orders that may not be placed on the electronic book (broker-dealer orders and public customer contingency orders) must inform the OBO or DPM and the logged-in ROS Market-Makers of the terms of such orders (including limit price and volume) prior to the time the Market-Makers for a particular class lock that class

under ROS. By informing the Market-Makers prior to the opening bell, the participating Market-Makers can ensure that the class does not auto-open by adjusting their thresholds. The Market-Makers can then incorporate this non-bookable order information in determining how and if they should adjust the AutoQuote values that are sent to ROS. Once ROS determines the opening price, the participating Market-Makers will trade at the opening price and via open outcry with these non-bookable orders that are deserving a fill at the opening price established by ROS. An order is deserving of a fill for its entire size by the Market-Makers in the crowd (assuming any contingency accompanying the order is satisfied) at the opening price if that order is a (1) market order; (2) a limit order and the limit price betters the opening price; or (3) a public customer limit order with a contingency where the limit price equals the opening price. [In accordance with Rule 6.45(d), if the order is a broker-dealer order and the limit price equals the opening price, the order will be entitled to be filled up to the lesser of the entire size of such order or an amount equal to a pro rata share of the orders assigned to the Market-Makers by ROS. If a broker holds more than one order to trade at the same limit price, that broker is nonetheless limited to no more than one pro rata share of the orders assigned to the Market-Makers by ROS.]

(b) – (c) No change.

. . . Interpretations and Policies:

.01 – .03 No change.

Rule 6.2B. Hybrid Opening (and Sometimes Closing) System (“HOSS”)

(a) – (b) No change.

(c) *Opening Rotation Period.* After the System initiates the opening rotation procedure and sends the Rotation Notice, the System begins the opening rotation period. During the opening rotation period for a series:

(i) The System matches and executes resting orders and quotes against each other in order to establish an opening BBO and trade price, if any, for the series.

(A) – (B) No change.

(C) The System prioritizes orders and quotes in the following order: (I) market orders, (II) limit orders and quotes whose prices are better than the opening price, and (III) resting orders and quotes at the opening price. Contingency orders are prioritized as set forth in Rules 6.45[A and 6.45B].

(ii) – (iii) No change.

(d) – (h) No change.

. . . Interpretations and Policies:

.01 – .03 No change.

.04 Allocation Algorithm. The electronic allocation algorithm from Rule 6.45[A or 6.45B, as applicable,] that applies to a class intraday also applies to the class during rotations, unless the Exchange determines to apply a different algorithm from Rule 6.45[A or 6.45B, as applicable,] to a class during rotations if the Exchange deems necessary or appropriate. The Exchange may determine to apply a separate electronic allocation algorithm for series that open at a minimum price increment due to a sell market order imbalance.

.05 – .07 No change.

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Rule 6.8. RAES Operations

This rule has no applicability to options classes traded on the CBOE Hybrid System.

This Rule governs RAES operations in all classes of options, except to the extent otherwise expressly provided in this or other Rules in respect of specified classes of options.

(a) – (e) No change.

(f) *Participating Market-Makers.* (i) Participating Market-Makers will be assigned trades by RAES in accordance with procedures adopted by the Exchange pursuant to Interpretation .06 of this Rule. Exchange rules shall not apply to the extent that they are inconsistent with these terms, including but not limited to Rules 6.45[(Priority of Bids and Offers)], [Rule]6.43[(Manner of Bidding and Offering)], and [Rule]8.1[(Market-Maker Defined)]. Applicable position and exercise limits will remain in effect for RAES transactions. Transactions executed through RAES orders will count towards fulfillment of the in-person requirement of Rule 8.7.

(ii) No change.

(g) No change.

. . . Interpretations and Policies:

.01 – .09 No change.

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Rule 6.8C. Prohibition Against Customers Functioning as Market-Makers

(a) TPH organizations may neither enter nor permit the entry of priority customer orders into the Exchange's electronic Order Routing System if (i) the orders are limit orders for the account or accounts of the same beneficial owner(s) and (ii) the limit orders are entered in such a manner that the beneficial owner(s) effectively is operating as a market maker by holding itself out as willing to buy and sell such securities on a regular or continuous basis.

(b) No change.

Rule 6.9. Solicited Transactions

A Trading Permit Holder or TPH organization representing an order respecting an option traded on the Exchange (an “original order”), including a spread, combination, or straddle order as defined in Rule 6.53, a stock-option order as defined in Rule 1.1(ii), a security future-option order as defined in Rule 1.1(zz), or any other complex order as defined in Rule 6.53C, may solicit a Trading Permit Holder or TPH organization or a [non-Trading Permit Holder]public customer or broker-dealer (the “solicited person”) to transact in-person or by order (a “solicited order”) with the original order. In addition, whenever a floor broker who is aware of, but does not represent, an original order solicits one or more persons or orders in response to an original order, the persons solicited and any resulting orders are solicited persons or solicited orders subject to this Rule. Original orders and solicited orders are subject to the following conditions.

(a) – (f) No change.

... Interpretations and Policies:

.01 This Rule applies to all solicited orders, including, but not limited to, facilitation orders and orders resulting from solicitations of public customers, non-Trading Permit Holder broker-dealers, Trading Permit Holders and TPH organizations, and market-makers.

.02 – .04 No change.

.05 The provisions of Rule 6.45 [(“Priority of Bids and Offers”)]govern the priority of bids and offers, including the priority of a bid or an offer in relation to an original order on the same side of the market. For example, an original order to buy an option contract will take priority over other bids at the same price only as provided in Rule 6.45.

.06 – .07 No change.

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Rule 6.13. CBOE Hybrid System Automatic Execution Feature

(a) Applicability: This rule is applicable only to those classes specifically designated for trading on the CBOE Hybrid System. The CBOE Hybrid System is a trading platform that allows automatic executions to occur electronically and open outcry trades to occur on the floor of the Exchange pursuant to the priority and allocation principles contained in Rule[s] 6.45[A and 6.45B]. Rule[s] 6.8 [(RAES Operations) and 6.45 (Priority of Bids and Offers-Allocations of Trades) have] has no applicability to any transactions occurring on the CBOE Hybrid System, unless otherwise specifically indicated. Classes not specifically designated for trading through the CBOE Hybrid System will continue to be subject to Rule[s] 6.8[and 6.45].

(b) Automatic Execution: Orders eligible for automatic execution through the CBOE Hybrid System may be automatically executed in accordance with the provisions of this Rule, Rule 6.13A or 6.14A, as applicable. This section governs automatic executions and

split-price automatic executions. The [automatic execution and]allocation of orders or quotes that automatically execute through the CBOE Hybrid System[submitted by market participants also] is governed by Rule[s] 6.45[A(c) and (d) and Rules 6.45B(c) and (d)].

(i) Eligibility: The Exchange shall designate the eligible order size, eligible order type, eligible order origin code (i.e., public customer orders, non-Market-Maker broker-dealer orders, and Market-Maker broker-dealer orders), and classes in which the automatic execution feature shall be activated, subject to the following:

(A) – (B) No change.

(C) Access:

(1) For Hybrid classes, orders of[non-broker-dealer] public customers and broker-dealers that are not Market-Makers or specialists on an exchange who are exempt from the provisions of Regulation T of the Federal Reserve Board pursuant to Section 7(c)(2) of the Securities Exchange Act of 1934 (“non-Market-Maker or non-Specialist broker-dealers”) are eligible for automatic execution. The eligible order size for these classifications must be the same. For Hybrid 3.0 classes, [non-broker-dealer]public customer orders are eligible for automatic execution, and the Exchange may determine, on a class-by-class basis, to allow non-Market-Maker or non-Specialist broker-dealer orders to be eligible for automatic execution. The eligible order size for these classifications must be the same.

(2) – (3) No change.

For purposes of this rule, orders will be presumed to be for the account(s) of the same beneficial owner if they are not independently originated by separate Market-Makers (or stock exchange specialists) and such orders clear into the same account or accounts with common ownership. The term “independently originated” means that a Market-Maker (or stock exchange specialist) makes an individual determination to trade and directly communicates its trading determination (*i.e.* order) to the Exchange.

(ii) Process: For Hybrid classes, eligible orders of a size equal to or less than the size of the disseminated CBOE BBO shall be executed in the manner described in paragraph 6.13(b). Inbound eligible orders of a size greater than the disseminated size will automatically execute in part, as described below in paragraph 6.13(b)(iii) (Split Price Executions). Orders executed automatically shall be allocated to contra side trading interest pursuant to Rule 6.45[A or 6.45B].

(iii) – (vi) No change.

(c) No change.

Rule 6.13A. Simple Auction Liaison (SAL)

This Rule governs the operation of the SAL system. SAL is a feature within the Hybrid System that auctions marketable orders for price improvement over the NBBO.

(a) – (b) No change.

(c) *Allocation of Agency Orders.* Agency Orders may be allocated at multiple prices if necessary and shall be allocated in two rounds per price point as follows:

(i) *First Allocation Round.* The Agency Order shall first be allocated at the best response price (the “First Allocation Round”) between all parties (responding at that price) that represented the Exchange’s NBBO quotation at the time the auction commenced (“Original Quoters”) up to the size of such quotation. During the First Allocation Round, the following shall apply:

(1) the Agency Order shall be allocated pursuant to the matching algorithm in effect for the class pursuant to Rule[s] 6.45[A or 6.45B as appropriate];

(2) – (3) No change.

(ii) No change.

(d) *Early Termination of Auction.* The auction will terminate early under the following circumstances:

(i) – (iii) No change.

(iv) Any time there is a quote lock on the Exchange pursuant to Rule 6.45(c)[A(d) or 6.45B(d)]. If the quote lock occurs at a price that is favorable to the Agency Order, then the Agency Order shall trade against the quote lock interest to the fullest extent possible. If the quote lock occurs at a price that is inferior to the auction responses, then the Agency Order shall trade against the best auction responses in accordance with subparagraph (c) above.

(v) Any time a response matches the Exchange’s disseminated quote on the opposite side of the market from the response. If the disseminated quote on the opposite side of the market from the response does not contain a priority customer order then the response shall trade against the Agency Order. If the disseminated quote on the opposite side of the market from the response does contain a priority customer order then, unless there is sufficient size in the response to execute both the Agency Order and the booked priority customer order (in which case they will both execute at that price), the Agency Order will execute against the response at one cent worse than the response price and any balance shall trade against the priority customer order in the book at such order’s limit price.

(e) No change.

... Interpretations and Policies:

.01 – .03 No change.

.04 For Hybrid 3.0 Classes in which SAL is activated, SAL shall operate as follows:

(i) No change.

(ii) Allocation of Agency Orders shall be conducted in one round only. The First Round Allocation criteria specified in paragraph (c)(i) shall not apply. The Exchange shall determine, on a class-by-class basis, which electronic matching algorithm from Rule 6.45[B] shall apply to SAL executions. The size of each response to the SAL auction shall be capped to the size of the Agency Order for allocation purposes. Additionally, the Exchange may establish, on a class-by-class basis, a DPM/LMM participation entitlement that is applicable only to SAL executions and the participation entitlement shall be in compliance with Rule 6.45(a)(ii)(B)[B(a)(i)(2)], except with respect to classes in which pro-rata priority is selected as the electronic matching algorithm as part of a pilot program in effect through December 30, 2010.

(a) For such pro-rata classes participating in the pilot program, after all public customer orders in the book at the best bid/offer and the DPM/LMM participation entitlement have been satisfied, the DPM/LMM shall be eligible to participate in any remaining balance on a pro-rata basis.

(b) On a quarterly basis the Exchange will evaluate the number of SAL executions in each pilot class where the DPM/LMM participation entitlement was applied and the allocation was greater than (i) the DPM/LMM's pro-rata share as calculated prior to the pilot and (ii) the DPM/LMM's participation entitlement share as calculated prior to the pilot. The Exchange will reduce the DPM/LMM participation entitlement for the class if the number of SAL executions that exceeded the benchmark is more than 1% of the total number of SAL executions in the class evaluated during the quarter. The "benchmark" will be 60% where there is one Market-Maker also quoting at the best bid/offer on the Exchange; 40% where there are two Market-Makers also quoting at the best bid/offer on the Exchange; and 40% where there are three or more Market-Makers also quoting at the best bid/offer on the Exchange.]

(iii) No change.

.05 No change.

Rule 6.13B. Penny Price Improvement

The Exchange may designate one or more options trading on the Hybrid System for inclusion in the Penny Price Improvement Program. This program is not available for Hybrid 3.0 classes. Under this program, the Exchange will allow all [users]Trading Permit Holders to provide price improvement beyond the Exchange's disseminated quotation ("Penny Pricing") for classes or series that are not already quoted in one-cent increments and for which the Simple Auction Liaison system in Rule 6.13A is not in effect.

(a) Electronic Penny Pricing. Electronic penny prices may be established as follows:

(1) No change.

(2) Orders. [Public Customers and all other users]Trading Permit Holders may electronically submit to the Exchange orders priced in one-cent increments. The Exchange shall disseminate such orders using standard quoting increments by rounding the limit price to the nearest standard quoting increment that does not violate the limit price.

All Penny Pricing submitted pursuant to (1) or (2) above shall be filed by the System for order allocation purposes but shall not be displayed.

If an order is received by the Hybrid System that could trade against Penny Pricing and where the Exchange's disseminated quotation is the NBBO, it will automatically execute against the Penny Pricing pursuant to the Exchange's normal allocation procedures.

(b) Open Outcry Penny Pricing. Oral bids (offers) provided by in-crowd market participants may be expressed in one-cent increments in response to an order represented in open outcry provided that: (1) the oral bids (offers) better the corresponding bid (offer) in the Exchange's disseminated quotation; and (2) any resulting transaction(s) is consistent with the requirements of Rule 6.83.

The Exchange may also determine on a class-by-class basis to make the split-price priority provisions of Rule 6.47 applicable to a class that is subject to Penny Pricing under this rule.

[For purposes of this rule, "in-crowd market participants" includes in-crowd Market-Makers, an in-crowd DPM or LMM, and Floor Brokers or PAR Officials representing orders in the trading crowd.]

(c) – (d) No change.

Rule 6.14. Price Protections and Risk Controls

The System's acceptance and execution of orders and quotes are subject to the price protection mechanisms and risk controls in this Rule 6.14 and otherwise set forth in the Rules. The Exchange may share any Trading Permit Holder-designated risk settings in the Hybrid Trading System with a Clearing Trading Permit Holder that clears Exchange transactions on behalf of the Trading Permit Holder.

(a) – (b) No change.

(c) Execution of Quotes That Lock or Cross NBBO. If the System accepts a quote that locks or crosses the NBBO, the System executes the quote bid (offer) against quotes and orders in the Book at a price(s) that is the same or better than the best price disseminated by an away exchange(s) up to the size available on the Exchange and either (i) cancels any remaining size of the quote, if the price of the quote locks or crosses the price disseminated by the away exchange(s) or (ii) books any remaining size of the quote, if the price of the quote does not lock or cross the price of the away exchange(s).

(1) No change.

(2) If the Exchange has established a counting period for a class pursuant to Rule 6.45[A(d)(i) or 6.45B(d)](c)(i), then notwithstanding Rule 6.45[A(d) or 6.45B(d)](c), if CBOE (represented by a Market-Maker quote offer (bid)) and an away exchange(s) are each at the NBO (NBB), the System rejects an incoming Market-Maker quote bid (offer) (or unexecuted portion after the quote trades against any orders resting in the Book at the NBO (NBB)) that locks or crosses the resting Market-Maker quote offer (bid) at the NBO (NBB).

(d) – (f) No change.

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Rule 6.20. Admission to and Conduct on the Trading Floor; Trading Permit Holder Education

(a) – (e) No change.

. . . Interpretations and Policies:

.01 – .04 No change.

.05 Two Floor Officials may nullify a transaction or adjust its terms if they determine the transaction to have been in violation of [any of the following: (i)]Rules 6.43[(manner of bidding and offering)], [(ii) Rule]6.45[(priority of bids and offers), (iii) Rule 6.45A (Priority and Allocation of Trades for CBOE Hybrid System)], [(iv) Rule]6.46[(transactions outside the book’s last quoted range)], [(v) Rule]6.47[(priority on split price transactions)], or [(vi) Rule]8.51[(trading crowd firm disseminated market quotes)]. Trades subject to adjustment or nullification pursuant to Rule 6.25 shall be subject to the procedures set forth in Rule 6.25.

.06 – .10 No change.

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Rule 6.42. Minimum Increments for Bids and Offers

The Board of Directors may establish minimum increments for options traded on the Exchange. When the Board of Directors determines to change the minimum increments, the Exchange will designate such change as a stated policy, practice, or interpretation with respect to the administration of Rule 6.42 within the meaning of subparagraph (3)(A) of subsection 19(b) of the Exchange Act and will file a rule change for effectiveness upon filing with the Commission. Until such time as the Board of Directors makes a change to the minimum increments, the following minimum increments shall apply to options traded on the Exchange:

(1) – (3) No change.

(4) Except as provided in Rule 6.53C, bids and offers on complex orders, as defined in Interpretation and Policy .01 below, may be expressed in any net price increment (that may not be less than \$0.01) that may be determined by the Exchange on a class-by-class basis and announced to the Trading Permit Holders via Regulatory Circular, regardless of the minimum increments otherwise appropriate to the individual legs of the order. Notwithstanding the foregoing sentence, bids and offers on complex orders in options on the S&P 500 Index (SPX), p.m.-settled S&P 500 Index (SPXPM) or on the S&P 100 Index (OEX and XEO), except for box/roll spreads, shall be expressed in decimal increments no smaller than \$0.05 or in any increment, as determined by the Exchange on a class-by-class basis and announced to the Trading Permit Holders via Regulatory Circular. In addition:

(a) No change.

(b) complex orders are subject to special priority requirements as described in Rules 6.45, [6.45A, 6.45B,]6.53C, 24.19 and 24.20.

... Interpretations and Policies:

.01 – .04 No change.

Rule 6.43. Manner of Bidding and Offering

(a) No change.

(b) Except for Hybrid classes designated for trading on the CBOE Hybrid System, members of the trading crowd may verbalize quotes (“manual quotes”) to be input into Exchange systems by quote reporters for dissemination to the Options Price Reporting Authority (“OPRA”). Manual quotes must be for a minimum size of five (5) contracts. A manual quote will remain as the Exchange’s disseminated quote until executions deplete the size, until the market maker or floor broker withdraws the quote, or until matched or improved by Autoquote or improved by an order in the electronic Book.

(i) For Hybrid 3.0 classes, if [market participants as defined in Rule 6.45B]Trading Permit Holders and PAR Officials are eligible to submit orders for entry into the electronic book pursuant to Rule 7.4(a)(1)(i), then the Exchange may determine to disable manual quotes.

(ii) No change.

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[Rule 6.45. Priority of Bids and Offers—Allocation of Trades

Except as provided by Rules, including but not limited to Rule 6.2A, 6.8, 6.9, 6.13, 6.13B, 6.45A, 6.47, 6.74, 8.87, and Exchange Regulatory Circulars approved by the Commission concerning Participation Entitlements, the following rules of priority shall be observed with respect to bids and offers:

(a) *Priority of bids.*

(i) The highest bid shall have priority, but where two or more bids for the same option contract represent the highest price and one such bid is displayed in the customer limit order book in accordance with Rule 7.7 and Rule 7.12(b); such bid shall have priority over any other bid at the post. If more than one public customer order is represented in the customer limit order book at the best price, priority shall be afforded to such orders in the sequence in which they were received by the Order Book Official (“OBO”) or PAR Official.

(ii) The following applies with respect to orders being represented by a Floor Broker, PAR Official, or OBO, or with respect to bids made in response to a specific request from a Market-Maker. With respect to each of the following, the Floor Broker, DPM, OBO, PAR Official or Market-Maker shall determine the sequence in which the bids were made.

(1) If two or more bids represent the highest price and a bid from the customer limit order book is not involved, priority shall be afforded to such bids in the sequence in which they are made.

(2) If the bids were made at the same time, or in the event the Floor Broker, DPM, OBO, PAR Official, or Market-Maker cannot reasonably determine the sequence in which the bids were made, priority shall be apportioned equally.

(3) If the Floor Broker, DPM, OBO, PAR Official, or Market-Maker cannot reasonably determine the sequence in which the bids were made beyond a certain number of market participants, the Floor Broker, DPM, OBO, PAR Official, or Market-Maker shall provide for the remaining contracts, if any, to be apportioned equally among those market participants who bid at the best price at the time the market was established.

(4) In the event a market participant declines to accept any portion of the available contracts, any remaining contracts shall be apportioned equally among the other market participants who bid at the best price at the time the market was established until all contracts have been apportioned.

The Floor Broker, DPM, OBO, PAR Official, or Market-Maker shall determine which market participants responded at the best market at the time the market was established.

(i) Any contracts remaining in an order, if an order, if any, after giving effect to paragraph (ii) above, shall be apportioned equally between any other market participants

in the trading crowd who bid at the best price in a reasonably prompt manner subsequent to the time the market was established.

(ii) Whenever a Trading Permit Holder requests from members of a trading crowd a single bid in excess of the RAES order eligibility size for that option class as provided for in Interpretation .11 to Rule 8.7, each member of the trading crowd shall be apportioned a share of the executed order based on an approximate pro rata percentage, to the extent practicable, of the crowd member's portion of the size of the original single bid. The Trading Permit Holder requesting the single bid shall determine what constitutes an approximate pro rata percentage of the order that is executed with respect to each member of the trading crowd who participated in making the single bid.

(b) Priority of offers.

The lowest offer shall have priority, but where two or more offers for the same option contract represent the lowest price, priority shall be determined in the same manner as specified in paragraph (a) in the case of bids.

(c) *Openings.* Notwithstanding anything in paragraphs (a) and (b) to the contrary, where necessary to achieve a single-priced opening, market orders in which no Trading Permit Holder or any non-Trading Permit Holder broker/dealer has an interest shall have priority over limit orders at the same opening price in the customer limit order book. The cut-off time for orders entitled to participate in the opening is set forth in Interpretation .02 to Rule 7.4.

(d) *Rapid Opening System.* Notwithstanding anything in paragraphs (a) and (b), where the Rapid Opening System is employed in opening a particular option class, and where an order for a broker-dealer has been submitted in a timely manner in accordance with Rule 6.2A(a)(ii) and where that broker-dealer order has a limit price equal to the opening price for that series, that broker-dealer order will be entitled to be filled by the market-makers in an amount equal to the lesser of the entire size of the order or a pro rata share of the orders assigned to the market-makers logged onto ROS.

(e) *Complex Order Priority Exception:* A complex order as defined in Rule 6.42.01 may be executed at a net debit or credit price with another Trading Permit Holder without giving priority to equivalent bids (offers) in the individual series legs that are represented in the trading crowd or in the public customer limit order book provided at least one leg of the order betters the corresponding bid (offer) in the public customer limit order book by at least one minimum trading increment as defined in Rule 6.42 (*i.e.*, \$0.10 or \$0.05 or \$0.01, as applicable) or a \$0.01 increment, which increment shall be determined by the Exchange on a class-by-class basis. Stock-option orders and security future-option orders, as defined in Rule 1.1(ii)(a) and Rule 1.1(zz)(a), respectively, have priority over bids (offers) of the trading crowd but not over bids (offers) in the public customer limit order book.

... Interpretations and Policies:

.01 When the customer limit order book is displaying, pursuant to Rule 7.7 or Rule 7.12(b), limit orders to sell at the minimum increment which have priority pursuant to Rule 6.45, no

Trading Permit Holder, PAR Official, or Order Book Official shall hold a market order to sell that series. Whenever this condition occurs, any such market order held by a Trading Permit Holder, PAR Official, or Order Book Official shall be considered a limit order to sell at a price at the minimum increment, and the Trading Permit Holder, PAR Official, or Order Book Official shall change the market sell order to reflect a limit price at the minimum increment.

.02 The provisions of this rule are subject to Rule 8.7, Interpretation and Policy .02, and Rule 8.51.

Rule 6.45A. - Priority and Allocation of Equity Option Trades on the CBOE Hybrid System

Generally: The rules of priority and order allocation procedures set forth in this rule shall apply only to equity option classes designated by the Exchange to be traded on the CBOE Hybrid System and has no applicability to index option and options on ETF classes. The term “market participant” as used throughout this rule refers to a Market-Maker, a DPM, and a floor broker or a PAR Official representing orders in the trading crowd. The term “in-crowd market participant” only includes an in-crowd Market-Maker, in-crowd DPM, and floor broker or PAR Official representing orders in the trading crowd.

(a) Allocation of Incoming Electronic Orders: The Exchange will determine to apply, for each class of options, one of the following rules of trading priority described in paragraphs (i) or (ii). The Exchange will issue a Regulatory Circular periodically specifying which priority rules will govern which classes of options any time the Exchange changes the priority.

(i) Ultimate Matching Algorithm (“UMA”): Under this method, a market participant who enters a quotation or order and whose quote or order is represented by the disseminated CBOE best bid or offer (“BBO”) shall be eligible to receive allocations of incoming electronic orders for up to the size of its quote or order, in accordance with the principles described below. As an initial matter, if the number of contracts represented in the disseminated quote is less than the number of contracts in an incoming electronic order(s), the incoming electronic order(s) shall only be entitled to receive a number of contracts up to the size of the disseminated quote, in accordance with Rule 6.45A(a)(i)(B). The balance of the electronic order will be eligible to be filled at the refreshed quote either electronically (in accordance with paragraph (a)(i)(B) below) or manually (in accordance with Rule 6.45A(b)) and, as such, may receive a split price execution.

(A) Priority of Orders in the Electronic Book

(1) Public Customer Orders: Public customer orders in the electronic book have priority. Multiple public customer orders in the electronic book at the same price are ranked based on time priority. If a public customer order(s) in the electronic book matches, or is matched by, a market participant quote, the public customer order(s) shall have priority and, the balance of the incoming order, if any, will be allocated pursuant to Rule 6.45A(a)(i)(B).

(2) Broker-Dealer Orders: If pursuant to Rule 7.4(a) the Exchange determines to allow certain types of broker-dealer orders to be placed in the electronic book, then for purposes of this rule, the cumulative number of broker-dealer orders in the electronic book at the best price shall be deemed one “market participant” regardless of the number of broker-dealer orders in the book. The allocation due the broker-dealer orders in the electronic book by virtue of their being deemed a “market participant” shall be distributed among each broker-dealer order comprising the “market participant” pursuant to Rule 6.45A(a)(i)(B).

(B) Allocation

(1) Market Participant Quoting Alone at BBO: When a market participant is quoting alone at the disseminated CBOE BBO and is not subsequently matched in the quote by other market participants prior to execution, it will be entitled to receive incoming electronic order(s) up to the size of its quote. If another market participant joins in the disseminated quote prior to execution of an incoming electronic order(s) such that more than one market participant is quoting at the BBO, incoming electronic order(s) will be distributed in accordance with (B)(2) below.

(2) More than One Market Participant Quoting at BBO: When more than one market participant is quoting at the BBO, inbound electronic orders shall be allocated pursuant to the following allocation algorithm:

Where:

$$\begin{array}{c}
 \text{Incoming} \\
 \text{Order Size}
 \end{array}
 \times
 \begin{array}{c}
 \text{Allocation Algorithm} \\
 \left(\begin{array}{l}
 \text{(Equal Percentage based on} \\
 \text{number of market participants} \\
 \text{quoting at BBO)} \\
 \text{(Component A)}
 \end{array}
 +
 \begin{array}{l}
 \text{(Pro-rata Percentage based} \\
 \text{on size of market participant} \\
 \text{quotes)} \\
 \text{(Component B)}
 \end{array}
 \right) \\
 \hline
 2
 \end{array}
 \end{array}$$

Component A: The percentage to be used for Component A shall be an equal percentage, derived by dividing 100 by the number of market participants quoting at the BBO.

Component B: Size Prorata Allocation. The percentage to be used for Component B of the Allocation Algorithm formula is that percentage that the size of each market participant’s quote at the best price represents relative to the total number of contracts in the disseminated quote.

Final Weighting: The final weighting formula for equity options, which shall be determined by the Exchange and may vary by product, shall be a weighted average of the percentages derived for Components A and B multiplied by the size of the incoming order. Initially, the weighting of components A and B shall be equal, represented mathematically by the formula: ((Component A Percentage + Component B Percentage)/2) * incoming order size.

(C) Participation Entitlement: If a Market-Maker is eligible for an allocation pursuant to the operation of the Algorithm described in paragraph (a) of Rule 6.45A and is also eligible for an allocation pursuant to a participation entitlement under Rules 8.13, 8.15, or 8.87, the Market-Maker shall be entitled to receive an allocation (not to exceed the size of its quote) equal to either:

(1) the greater of the amount the Market-Maker would be entitled to pursuant to the participation entitlement or the amount it would otherwise receive pursuant to the operation of the Algorithm described above provided, however, that in calculating an On-Floor DPM's allocation under the Algorithm, an On-Floor DPM may choose to count as two market participants for purposes of Component A of the Algorithm if the On-Floor DPM exclusively uses the portion of a Trading Permit(s) representing one-half the total appointment cost of the classes allocated to the On-Floor DPM at a particular trading station in order to count as two market participants, and not for any other purpose. For example, if an On-Floor DPM's appointment cost is 2.2 for the classes allocated to it at a particular trading station, pursuant to Rule 8.85(e) the On-Floor DPM would be required to hold one Trading Permit and hold two additional Trading Permits. In addition, the On-Floor DPM may choose to count as two market participants for purposes of Component A of the Algorithm if the On-Floor DPM exclusively utilizes 1.1 (one-half of 2.2) of the Trading Permit(s) it holds in order to count as two market participants, and not utilize the 1.1 of the Trading Permits for any other purpose. In this example, to comply with the Trading Permit requirements and to count as two market participants for purposes of Component A, the On-Floor DPM would be required to hold four Trading Permits to satisfy its total cost of 3.3 (2.2 + 1.1); or

(2) the amount the Market-Maker would be entitled to pursuant to the participation entitlement.

The Exchange shall determine which of the preceding two entitlement formulas will be in effect on a class-by-class basis. All pronouncements regarding the entitlement formula shall be made via Regulatory Circular. The participation entitlement percentage is expressed as a percentage of the remaining quantity after all public customer orders in the electronic book have been executed.

(ii) Price-Time or Pro-Rata Priority

Price-Time Priority: Under this method, resting quotes and orders in the book are prioritized according to price and time. If there are two or more quotes or orders at the best price then priority is afforded among these quotes or orders in the order in which they were received by the Hybrid System; or

Pro-Rata Priority: Under this method, resting quotes and orders in the book are prioritized according to price. If there are two or more quotes or orders at the best price then trades are allocated proportionally according to size (in a pro-rata fashion). The executable quantity is allocated to the nearest whole number, with fractions 1/2 or greater rounded up and fractions less than 1/2 rounded down. If there are two market participants that both are entitled to an

additional 1/2 contract and there is only one contract remaining to be distributed, the additional contract will be distributed to the market participant whose quote or order has time priority.

Additional Priority Overlays Applicable to Price-Time or Pro-Rata Priority Methods

In addition to the base allocation methodologies set forth above, the Exchange may determine to apply, on a class-by-class basis, one or more of the following designated market participant overlay priorities in a sequence determined by the Exchange. The Exchange will issue a Regulatory Circular periodically which will specify which classes of options are subject to these additional priorities as well as any time the Exchange changes these priorities.

(1) Public Customer: When this priority overlay is in effect, the highest bid and lowest offer shall have priority except that public customer orders shall have priority over non-public customer orders at the same price. If there are two or more public customer orders for the same options series at the same price, priority shall be afforded to such public customer orders in the sequence in which they are received by the System, even if the Pro-Rata Priority allocation method is the chosen allocation method. For purposes of this Rule, a Public Customer order is an order for an account in which no Trading Permit Holder, non-Trading Permit Holder participant in a joint-venture with a Trading Permit Holder, or non-Trading Permit Holder broker-dealer (including a foreign broker-dealer) has an interest.

(2) Participation Entitlement: The Exchange may determine to grant Market-Makers participation entitlements pursuant to the provisions of Rules 8.87, 8.13, or 8.15. More than one such participation entitlements may be activated for an option class (including at different priority sequences), however in no case may more than one participation entitlement be applied on the same trade. For example, the Preferred Market-Maker participation entitlement of Rule 8.13 and the DPM participation entitlement of Rule 8.87 may be in effect, along with other priorities that are allowed under this Rule, for an option class at different priority levels (*e.g.* public customer has first priority, Preferred entitlement is second priority, Market Turner is third priority, and DPM entitlement - if the Preferred entitlement was not applied on the trade - has fourth priority). In allocating the participation entitlement, all of the following shall apply:

(A) To be entitled to their participation entitlement, the Market-Maker's order and/or quote must be at the best price on the Exchange.

(B) The Market-Maker may not be allocated a total quantity greater than the quantity that it is quoting (including orders not part of quotes) at that price. If Pro-Rata Priority is in effect, and Market-Maker's allocation of an order pursuant to its participation entitlement is greater than its percentage share of quotes/orders at the best price at the time that the participation entitlement is granted, the Market-Maker shall not receive any further allocation of that order.

(C) In establishing the counterparties to a particular trade, the participation entitlement must first be counted against that Market-Maker's highest priority bids or offers.

(D) The participation entitlement shall not be in effect unless the Public Customer priority is in effect in a priority sequence ahead of the participation entitlement and then the participation entitlement shall only apply to any remaining balance.

(3) Modified Participation Entitlement: This participation entitlement is the same as provided in subparagraph (2) above or subparagraph (iii)(1) below, except the participation entitlement shall only be applied to the execution of an inbound order if the amount the Market-Maker would be entitled to pursuant to the participation entitlement is greater than the amount the Market-Maker would otherwise receive pursuant to the operation of the Algorithm described above. In all other cases, the participation entitlement and public customer priority will not be applied.

(A) The Market-Maker entitlement shall be calculated based on any remaining balance after all public customer orders at the best price are satisfied. For options classes where the Algorithm uses the pro-rata method, the Exchange may determine on a class-by-class basis to calculate the Market-Maker's entitlement share using the UMA method provided in subparagraph (a)(i)(C) above or the pro-rata method provided in subparagraph (b)(ii)(2) above.

(B) When calculating the amount the Market-Maker would otherwise receive pursuant to the operation of the Algorithm, the participation entitlement and public customer priority will not be considered.

The modified participation entitlement overlay is only applicable to automatic executions and will not be applicable for executions of incoming electronic orders initiated from PAR or for electronic auctions. In classes where the UMA method is selected to calculate the Market-Maker entitlement, executions of incoming electronic orders initiated from PAR and electronic auctions will be allocated using the UMA method.

(iii) Additional Priority Overlays Applicable to All Priority Methods

In addition to the base allocation methodologies set forth above, the Exchange may determine to apply, on a class-by-class basis, the following priority overlays. The Exchange will issue a Regulatory Circular periodically specifying which classes of options are subject to these additional priorities any time the Exchange changes these priorities.

(1) Small Order Preference:

(A) Orders for five (5) contracts or fewer will be executed first by the DPM or LMM, as applicable; provided however, that on a quarterly basis the Exchange will evaluate what percentage of the volume executed on the Exchange (excluding volume resulting from the execution of orders in AIM (see Rule 6.74A)) is comprised of orders for five (5) contracts or fewer executed by DPMs and LMMs, and will reduce the size of the orders included in this provision if such percentage is over forty percent (40%).

(B) This procedure only applies to the allocation of executions among non-customer orders and market maker quotes existing in the EBook at the time the order is received by the Exchange. No market participant is allocated any portion of an execution unless it

has an existing interest at the execution price. Moreover, no market participant can execute a greater number of contracts than is associated with the price of its existing interest. Accordingly, the small order preference contained in this allocation procedure is not a guarantee; the DPM or LMM, as applicable, (1) must be quoting at the execution price to receive an allocation of any size, and (2) cannot execute a greater number of contracts than the size that is associated with its quote.

(C) If a Preferred Market-Maker is not quoting at a price equal to the NBBO at the time a preferred order is received, the allocation procedure contained in subparagraphs (iii)(A) through (B) shall be applied to the execution of the preferred order. If a Preferred Market Maker is quoting at the NBBO at the time the preferred order is received, the allocation procedure contained in subparagraphs (i) or (ii), as applicable, shall be applied to the execution of the preferred order, and any Market Turner status shall not apply to that execution.

(D) The small order preference contained in this allocation procedure is only applicable to automatic executions and is not applicable to auctions.

(2) Market Turner: “Market Turner” means a party that was the first to enter an order or quote at a better price than the previous best disseminated Exchange price and the order (quote) is continuously in the market until the particular order (quote) trades. There may be a Market Turner for each price at which a particular order trades. When this priority overlay is in effect, the Market Turner has priority at the highest bid or lowest offer that he established. The Market Turner priority at a given price remains with the order (quote) once it is earned. For example, if the market moves in the same direction as the direction in which the order from the Market Turner moved the market, and then the market moves back to the Market Turner’s original price, then the Market Turner retains priority at the original price. Market Turner priority cannot be established until after the opening print and/or the conclusion of the opening rotation and, once established, shall remain in effect until the conclusion of the trading session.

The Exchange may determine, on a class-by-class basis, to reduce the Market Turner priority to a percentage of each inbound order that is executable against the Market Turner. In such cases, the Market Turner may participate in the balance of an order, pursuant to the allocation procedure in effect, after the Market Turner priority has been applied. To the extent the Market Turner order (quote) is not fully exhausted, it shall retain Market Turner priority for subsequent inbound orders until the conclusion of the trading session.

(b) Allocation of Orders Represented in Open Outcry: The allocation of orders that are represented in open outcry by floor brokers or PAR Officials shall be as described below in subparagraph (b)(i). With respect to subparagraph (b)(i)(B), the floor broker or PAR Official representing the order shall determine the sequence in which bids (offers) are made.

(i) The highest bid (lowest offer) shall have priority, but where two or more bids (offers) for the same option contract represent the highest (lowest) price:

(A) Public customer orders in the electronic book shall have first priority. Multiple public customer orders in the electronic book at the same price are ranked based on time priority. If a public customer order(s) in the electronic book matches, or is matched by, an oral bid or offer provided by a Trading Permit Holder in the trading crowd, the public customer order(s) shall have priority and the balance of the order, if any, will be allocated in open outcry in accordance with subparagraph (B) below.

(B) Bids (offers) of in-crowd market participants shall have second priority. Priority shall be afforded to the in-crowd market participants in accordance with the allocation principles contained in Rule 6.45(a) or (b). The balance of the order, if any, will be allocated in accordance with subparagraph (C) below.

(C) Bids (offers) of broker-dealer orders in the electronic book and electronic quotes of Market-Makers shall have third priority. Priority shall be afforded to these bids (offers) in accordance with the Allocation Algorithm formula in effect pursuant to Rule 6.45A(a).

(D) Notwithstanding the priority provisions otherwise applicable under subparagraph (B) above, Trading Permit Holders relying on Section 11(a)(1)(G) of the Exchange Act and Rule 11a1-1(T) thereunder (commonly known as the “G exemption rule”) as an exemption must yield priority to any bid (offer) at the same price of public customer orders and broker-dealer orders resting in the electronic book, as well as any other bids and offers that have priority over such broker-dealer orders under this Rule.

(ii) Exception: Complex Order Priority:

A complex order as defined in Rule 6.42.01 may be executed at a net debit or credit price with another Trading Permit Holder without giving priority to equivalent bids (offers) in the individual series legs that are represented in the trading crowd or in the public customer limit order book provided at least one leg of the order betters the corresponding bid (offer) in the public customer limit order book by at least one minimum trading increment as defined in Rule 6.42 (*i.e.*, \$0.10 or \$0.05 or \$0.01, as applicable) or a \$0.01 increment, which increment shall be determined by the Exchange on a class-by-class basis. Stock-option orders and security future-option orders, as defined in Rule 1.1(ii)(a) and Rule 1.1(zz)(a), respectively, have priority over bids (offers) of the trading crowd but not over bids (offers) in the public customer limit order book.

(c) Interaction of Market Participant’s Quotes and/or Orders with Orders in Electronic Book

Market participants, as defined in Rule 6.45A, may submit quotes or orders electronically to trade with orders in the electronic book in accordance with the requirements of either Rule 6.13 or this paragraph.

With respect to orders or quotes submitted pursuant to this paragraph, a floor broker market participant may only represent as agent customer orders or orders from unaffiliated broker-dealers. When a market participant’s quote or order interacts with the order in the book, a trade occurs, CBOE will disseminate a last sale report, and the size of the book order will be decremented to reflect the execution. Allocation of the book order shall be as follows:

(i) One Market Participant Trades with the Electronic Book: If only one market participant submits an electronic order or quote to trade with an order in the electronic book, that market participant shall be entitled to receive an allocation of the order in the electronic book up to the size of the market participant’s order.

(ii) Multiple Market Participant Trade with the Electronic Book: Each market participant that submits an order or quote to buy (sell) an order in the electronic book within a period of time not to exceed 5-seconds of the first market participant to submit an order (“N-second group”) shall be entitled to receive an allocation of the order in the electronic book pursuant to the following allocation algorithm:

Where:

$$\begin{array}{c}
 \text{Electronic Book} \\
 \text{Order Size}
 \end{array}
 \times
 \begin{array}{c}
 \text{Allocation Algorithm} \\
 \left(\frac{\begin{array}{c} \text{(Equal Percentage based on} \\ \text{number of members of “N-} \\ \text{Second group”)} \\ \text{(Component A)} \end{array} + \begin{array}{c} \text{(Size pro-rata percentage} \\ \text{based on size of orders of “N-} \\ \text{Second group” members)} \\ \text{(Component B)} \end{array}}{2} \right)
 \end{array}$$

Component A: The percentage to be used for Component A shall be an equal percentage derived by dividing 100 by the number of market participant’s in the “N-second group.”

Component B: Size Prorata Allocation. The percentage to be used for Component B of the Allocation Algorithm formula is that percentage that each market participant of the “N-second group’s” quote at the best price represents relative to the total number of contracts of all market participants of the “N-second group.” The Exchange may determine that the maximum quote size to be used for each market participant in the Component B calculation shall be no greater than the cumulative size of orders resident in the electronic book at the best price at which market participants are attempting to buy (sell).

Final Weighting: The final weighting formula for equity options, which shall be determined by the Exchange and may vary by product, shall be a weighted average of the percentages derived for Components A and B, multiplied by the size of the order(s) in the electronic book. Initially, the weighting of components A and B shall be equal, represented mathematically by the formula: ((Component A Percentage + Component B Percentage)/2) * electronic book order size.

(A) Length of “N-Second Group” Timer: The Exchange will determine the length of the “N-second group” timer on a class-by-class basis provided however that the duration

of the “N-second group” timer shall not exceed five seconds. Any changes to the duration of the “N-second group” timer shall be announced via Regulatory Circular.

(iii) DPM Participation Entitlement: There is no DPM participation entitlement applicable to orders allocated pursuant to paragraph (c).

(d) Quotes Interacting with Quotes

(i) In the event that a Market-Maker’s disseminated quotes interact with the disseminated quote(s) of other Market-Makers, resulting in the dissemination of a “locked” quote (*e.g.*, \$1.00 bid - 1.00 offer), the following shall occur:

(A) The Exchange will disseminate the locked market and both quotes will be deemed “firm” disseminated market quotes.

(B) When the market locks, a “counting period” will begin during which Market-Makers whose quotes are locked may eliminate the locked market. Provided, however, that in accordance with subparagraph (A) above a Market-Maker will be obligated to execute customer and broker-dealer orders eligible for automatic execution pursuant to Rule 6.13 at his disseminated quote in accordance with Rule 8.51. If at the end of the one-second counting period the quotes remain locked, the locked quotes will automatically execute against each other in accordance with the allocation algorithm described above in Rule 6.45A(a). The length of the counting period will be established by the Exchange, may vary by product, and will not exceed one second.

(ii) Inverted Quotes: The Hybrid System will not disseminate an internally crossed market (*i.e.*, the CBOE best bid is higher than the CBOE best offer). If a Market-Maker submits a quote (“incoming quote”) that would invert an existing quote (“existing quote”), the Hybrid System will change the incoming quote such that it locks the first quote. Locked markets are handled in accordance with paragraph (d)(i) above. During the lock period, if the existing quote is cancelled subsequent to the time the incoming quote is changed, the incoming quote will automatically be restored to its original terms.

(e) Classes Trading on Hybrid

The Exchange intends to implement Hybrid floorwide in all other equity classes by the fourth quarter of 2006.

... Interpretations and Policies:

.01 Principal Transactions: Order entry firms may not execute as principal against orders they represent as agent unless: (i) agency orders are first exposed on the Hybrid System for at least one (1) second, (ii) the order entry firm has been bidding or offering for at least one (1) second prior to receiving an agency order that is executable against such bid or offer, or (iii) the order entry firm proceeds in accordance with the crossing rules contained in Rule 6.74. This paragraph also shall apply to orders resting on the Hybrid System in penny increments pursuant to Rule 6.13B. In such cases, agency orders priced in penny increments

are deemed “exposed” pursuant to (i) above, and order entry firm orders priced in penny increments are deemed bids or offers pursuant to (ii) above.

.02 Solicitation Orders. Order entry firms must expose orders they represent as agent for at least one (1) second before such orders may be executed electronically via the electronic execution mechanism of the Hybrid System, in whole or in part, against orders solicited from Trading Permit Holders and non-Trading Permit Holder broker-dealers to transact with such orders. This paragraph also shall apply to agency orders resting on the Hybrid System in penny increments pursuant to Rule 6.13B. In such cases, agency orders priced in penny increments are deemed “exposed” pursuant to this paragraph.

.03 Reserve Orders. With respect to Reserve Orders, the allocation provisions of paragraph (a) of this Rule only apply to the displayed portion of a Reserve Order. Further, for the non-displayed reserve portion of a reserve order, the exposure requirement of .01 and .02 above are satisfied if the displayable portion of the reserve order is displayed at its displayable price for one second.]

Rule 6.45[B -], Order and Quote Priority and Allocation [of Trades in Index Options and Options on ETFs on the CBOE Hybrid System]

[Generally: The rules of priority and order allocation procedures set forth in this rule shall apply only to index options and options on ETFs that have been designated for trading on the CBOE Hybrid System. The term “market participant” as used throughout this rule refers to a Market-Maker, a DPM or LMM with an appointment in the subject class, and a floor broker or PAR Official representing orders in the trading crowd. The term “in-crowd market participant” only includes an in-crowd Market-Maker, in-crowd DPM or LMM, and floor broker or PAR Official representing orders in the trading crowd.]

(a) Electronic Priority and Allocation [of Incoming Electronic Orders]:

(i) Base Electronic Allocation Algorithms. [The Exchange will determine to apply, for each class of options, one of the following rules of trading priority described in paragraphs (i) or (ii). The Exchange will issue a Regulatory Circular periodically specifying which priority rules will govern which classes of options any time the Exchange changes the priority.] The base electronic allocation algorithm in subparagraph (C) applies to all classes, except classes to which the Exchange determines to apply the base electronic allocation algorithm in subparagraph (A) or (B). Pursuant to any electronic allocation algorithm, an order or quote may only be allocated up to the number of contracts of that order or quote at the execution price.

(i)A [Price-Time or Pro-Rata Priority] Price-Time Priority[:] Under this method, resting [quotes and]orders and quotes in the book are prioritized according to price[and time]. If there are two or more [quotes or]resting orders or quotes at the [best]same price, then priority is afforded among these [quotes or]orders and quotes in the order in which [they were]the Hybrid System received [by the Hybrid System; or]them (*i.e.*, according to time).

(B) Pro-Rata Priority. Under this method, resting quotes and orders in the book are prioritized according to price. If there are two or more resting orders or quotes at the same price, then the System allocates contracts from an incoming order or quote to resting orders and quotes sequentially in the order in which the System received them (i.e., according to time) proportionally according to size (i.e., on a pro-rata basis). The System allocates contracts to the first resting order or quote proportionally according to size (based on the number of contracts to be allocated and the size of the resting orders and quotes). Then, the System recalculates the number of contracts to which each remaining resting order and quote is afforded proportionally according to size (based on the number of remaining contracts to be allocated and the size of the remaining resting orders and quotes) and allocates contracts to the next resting order or quote. The System repeats this process until it allocates all contracts from the incoming order or quote. The executable quantity is allocated to the nearest whole number, with System rounds fractions $\frac{1}{2}$ or greater up and fractions less than $\frac{1}{2}$ down. If there are two market participants that both are entitled to an additional $\frac{1}{2}$ contract and there is only one contract remaining to be distributed, the additional contract will be distributed to the market participant whose quote or order has time priority.]

(C) Aggregated Pro-Rata Priority. Under this method, resting quotes and orders in the book are prioritized according to price. If there are two or more resting quotes or orders at the same price, then priority is afforded among these quotes and orders based on the percentage the size of each quote and order at that price represents relative to the total number of contracts at that price. If the number of contracts cannot be allocated proportionally in whole numbers, the System randomly allocates extra contracts to resting orders and quotes. The System rounds fractions $\frac{1}{2}$ or greater up and fractions less than $\frac{1}{2}$ down. For purposes of this subparagraph, all broker-dealer orders at the same price will be treated as one broker-dealer order (with size consisting of the cumulative number of contracts in those broker-dealer orders at that price). After the “one” broker-dealer order is allocated a certain number of contracts pursuant to this subparagraph, those contracts are allocated proportionally according to size to each broker-dealer order comprising the “one” broker-dealer order.

(ii) [Additional] Electronic Priority Overlays [Applicable to Price-Time or Pro-Rata Priority Methods]. In addition to the base electronic allocation [methodologies] algorithms set forth [above] in paragraph (a), the Exchange may determine to apply, on a class-by-class basis, one or more of the following [designated market participant overlay] priority [ies] overlays and the sequence in which the overlays apply [in a sequence determined by the Exchange. The Exchange will issue a Regulatory Circular periodically which will specify which classes of options are subject to these additional priorities as well as any time the Exchange changes these priorities].

([1]A) [Public] Priority Customer. The Exchange may apply a priority customer overlay. When this priority overlay is in effect, the highest bid and lowest offer shall have priority except that public pursuant to which priority customer orders

[shall] have priority over [non-public customer] broker-dealer orders and quotes at the same price. If there are two or more [public] priority customer orders [for the same options series]at the same price, priority [shall be] is afforded to such [public] priority customer orders in the sequence in which the[y] Hybrid System [are]received [by the System] them (i.e., according to time)[, even if the Pro-Rata Priority allocation method is the chosen allocation method. For purposes of this Rule, a Public Customer order is an order for an account in which no Trading Permit Holder, non-Trading Permit Holder participant in a joint-venture with a Trading Permit Holder, or non-Trading Permit Holder broker-dealer (including a foreign broker-dealer) has an interest].

(2) Participation Entitlement: The Exchange may determine to grant Market-Makers participation entitlements pursuant to the provisions of Rules 8.87, 8.13, or 8.15. More than one such participation entitlements may be activated for an option class (including at different priority sequences), however in no case may more than one participation entitlement be applied on the same trade. For example, the Preferred Market-Maker participation entitlement of Rule 8.13 and the DPM participation entitlement of Rule 8.87 may be in effect, along with other priorities that are allowed under this Rule, for an option class at different priority levels (*e.g.* public customer has first priority, Preferred entitlement is second priority, Market Turner is third priority, and DPM entitlement - if the Preferred entitlement was not applied on the trade - has fourth priority). In allocating the participation entitlement, all of the following shall apply:

(A) To be entitled to their participation entitlement, the Market-Maker's order and/or quote must be at the best price on the Exchange.

(B) The Market-Maker may not be allocated a total quantity greater than the quantity that it is quoting (including orders not part of quotes) at that price. If Pro-Rata Priority is in effect, and Market-Maker's allocation of an order pursuant to its participation entitlement is greater than its percentage share of quotes/orders at the best price at the time that the participation entitlement is granted, the Market-Maker shall not receive any further allocation of that order.

(C) In establishing the counterparties to a particular trade, the participation entitlement must first be counted against that Market-Maker's highest priority bids or offers.

(D) The participation entitlement shall not be in effect unless the Public Customer priority is in effect in a priority sequence ahead of the participation entitlement and then the participation entitlement shall only apply to any remaining balance.

(3) Modified Participation Entitlement: This participation entitlement is the same as provided in subparagraph (2) above or subparagraph (iv)(1) below, except the participation entitlement shall only be applied to the execution of an inbound order if the amount the Market-Maker would be entitled to pursuant to the participation

entitlement is greater than the amount the Market-Maker would otherwise receive pursuant to the operation of the Algorithm described above. In all other cases, the participation entitlement and public customer priority will not be applied.

(A) The Market-Maker entitlement shall be calculated based on any remaining balance after all public customer orders at the best price are satisfied. For options classes where the Algorithm uses the pro-rata method, the Exchange may determine on a class-by-class basis to calculate the Market-Maker's entitlement share using the pro-rata method provided in subparagraph (a)(i)(2) above or the UMA method provided in subparagraph (a)(ii)(C) below.

(B) When calculating the amount the Market-Maker would otherwise receive pursuant to the operation of the Algorithm, the participation entitlement and public customer priority will not be considered.

The modified participation entitlement overlay is only applicable to automatic executions and will not be applicable for executions of incoming electronic orders initiated from PAR or for electronic auctions. In classes where the UMA method is selected to calculate the Market-Maker entitlement, executions of incoming electronic orders initiated from PAR and electronic auctions will be allocated using the UMA method.

(ii) Ultimate Matching Algorithm (“UMA”): Under this method, a market participant who enters a quotation and whose quote is represented by the disseminated CBOE best bid or offer (“BBO”) shall be eligible to receive allocations of incoming electronic orders for up to the size of its quote, in accordance with the principles described below. As an initial matter, if the number of contracts represented in the disseminated quote is less than the number of contracts in an incoming electronic order(s), the incoming electronic order(s) shall only be entitled to receive a number of contracts up to the size of the disseminated quote, in accordance with Rule 6.45B(a)(ii)(B). The balance of the electronic order will be eligible to be filled at the refreshed quote either electronically (in accordance with paragraph (a)(ii)(B) below) or manually (in accordance with Rule 6.45B(b)) and, as such, may receive a split price execution.

(A) Priority of Orders in the Electronic Book

(1) Public Customer Orders: Public customer orders in the electronic book have priority. Multiple public customer orders in the electronic book at the same price are ranked based on time priority. If a public customer order(s) in the electronic book matches, or is matched by, a market participant quote, the public customer order(s) shall have priority and, the balance of the incoming order, if any, will be allocated pursuant to Rule 6.45B(a)(ii).

(2) Broker-Dealer Orders: If pursuant to Rule 7.4(a) the Exchange determines to allow certain types of broker-dealer orders to be placed in the electronic book, then for purposes of this rule, the cumulative number of broker-dealer orders in the electronic book at the best price shall be deemed one “market participant” regardless of the number of broker-dealer orders in the book. The allocation due the broker-dealer orders in the electronic book by

virtue of their being deemed a “market participant” shall be distributed among each broker-dealer order comprising the “market participant” pursuant to Rule 6.45B(a)(ii)(B).

(B) Allocation

(1) Market Participant Quoting Alone at BBO: When a market participant is quoting alone at the disseminated CBOE BBO and is not subsequently matched in the quote by other market participants prior to execution, it will be entitled to receive incoming electronic order(s) up to the size of its quote. If another market participant joins in the disseminated quote prior to execution of an incoming electronic order(s) such that more than one market participant is quoting at the BBO, incoming electronic order(s) will be distributed in accordance with (B)(2) below.

(2) More than One Market Participant Quoting at BBO: When more than one market participant is quoting at the BBO, inbound electronic orders shall be allocated pursuant to the following allocation algorithm:

Allocation Algorithm

Incoming Order Size*	(Equal Percentage based on number of market participants quoting at BBO) (Component A)	+	(Pro-rata Percentage based on size of market participant quotes) (Component B)
2			

Where:

Component A: The percentage to be used for Component A shall be an equal percentage, derived by dividing 100 by the number of market participants quoting at the BBO.

Component B: Size Pro-rata Allocation. The percentage to be used for Component B of the Allocation Algorithm formula is that percentage that the size of each market participant’s quote at the best price represents relative to the total number of contracts in the disseminated quote.

Final Weighting: The final weighting formula, which shall be established by the Exchange and may vary by product, shall be a weighted average of the percentages derived for Components A and B multiplied by the size of the incoming order. Changes made to the percentage weightings of Components A and B shall be announced to the Trading Permit Holders via Regulatory Circular at least one day before implementation of the change.]

([C]B) Participation Entitlement.[:] The Exchange may grant Preferred Market-Makers, LMMs and DPMs participation entitlements pursuant to the provisions of Rules 8.13, 8.15 and 8.87, respectively.

(1) [If a] A Preferred Market-Maker, LMM or DPM is eligible for a participation entitlement if it satisfies the conditions in Rule 8.13, 8.15 or 8.87, respectively. If a Preferred Market-Maker, LMM or DPM is eligible for a participation entitlement, it receives[is eligible for an allocation pursuant to the operation of the Algorithm described in paragraph (a) of Rule 6.45B and is also eligible for an allocation pursuant to a participation entitlement under Rules 8.13, 8.15, or 8.87, the Market-Maker may be entitled to receive an allocation (not to exceed the size of its quote) equal to either: (1)] the greater of the amount it would be entitled to pursuant to the participation entitlement or the amount it would otherwise receive pursuant to the operation of the applicable allocation [A]algorithm.[described above provided, however, that in calculating an On-Floor DPM's or LMM's allocation under the Algorithm, an On-Floor DPM or an LMM may choose to count as two market participants for purposes of Component A of the Algorithm if the On-Floor DPM exclusively uses the portion of a Trading Permit Holder(s) representing one-half the total appointment cost of the classes allocated to the On-Floor DPM at a particular trading station in order to count as two market participants, and not for any other purpose; or the LMM exclusively uses the portion of a Trading Permit Holder(s) representing one-half the total appointment cost of the class(es) in which it is appointed an LMM at a particular trading station in order to count as two market participants, and not for any other purpose. For example, if an On-Floor DPM's appointment cost is 2.2 for the classes allocated to it at a particular trading station, pursuant to Rule 8.85(e) the On-Floor DPM would be required to hold three Trading Permit(s). Additionally, the On-Floor DPM may choose to count as two market participants for purposes of Component A of the Algorithm if the On-Floor DPM exclusively utilizes 1.1 (one-half of 2.2) of the Trading Permit(s) it holds in order to count as two market participants, and not utilize the 1.1 of the Trading Permit(s) for any other purpose. In this example, to comply with the Trading Permit requirements and to count as two market participants for purposes of Component A, the On-Floor DPM would be required to hold four Trading Permits to satisfy its total cost of 3.3 (2.2 + 1.1); or

(2) the amount it would be entitled to pursuant to the participation entitlement; or

(3) The amount it would be entitled to receive pursuant to the operation of the Algorithm described above provided, however, that in calculating an On-Floor DPM's or LMM's allocation under the Algorithm, an On-Floor DPM or an LMM may choose to count as two market participants for purposes of Component A of the Algorithm if the On-Floor DPM exclusively uses the portion of a Trading Permit(s) representing one-half the total appointment cost of the classes allocated to the On-Floor DPM at a particular trading station in order to count as two market participants, and not for any other purpose; or the LMM exclusively uses the portion of a Trading Permit(s) representing one-half the

total appointment cost of the class(es) in which it is appointed an LMM at a particular trading station in order to count as two market participants, and not for any other purpose.

The Exchange shall determine which of the preceding three entitlement formulas will be in effect on a class-by-class basis. All pronouncements regarding the entitlement formula shall be made via Regulatory Circular. The participation entitlement percentage is expressed as a percentage of the remaining quantity after all public customer orders in the electronic book have been executed.]

(2) The Exchange may apply a participation entitlement only if it has applied the priority customer overlay (pursuant to paragraph (a)(ii)(A)) in a priority sequence ahead of the participation entitlement. The participation entitlement is based on the number of contracts remaining after all priority customer orders in the book at the same price have been filled.

(3) The Exchange may apply more than one participation entitlement for a class (including at different priority sequences); however, in no case may more than one participation entitlement apply on the same trade. For example, the Exchange may activate the Preferred Market-Maker participation entitlement and the DPM participation entitlement, along with additional priority overlays, for a class at different priority levels (e.g. priority customer has first priority, Preferred Market-Maker entitlement has second priority, Market Turner has third priority, and DPM entitlement has fourth priority), but only a Preferred Market-Maker or DPM may receive an entitlement on a single trade depending on the priority level (e.g. if the Preferred Market-Maker with second priority receives an entitlement on a trade, then the DPM with fourth priority will not receive an entitlement on that trade; if the Preferred Market-Maker with second priority does not receive an entitlement on a trade, then the DPM with fourth priority may receive an entitlement on the trade).

(iii)C) [Additional Priority Overlays Applicable to All Priority Methods] *Small Order Preference.* The Exchange may apply a small order preference overlay, pursuant to which a DPM or LMM, as applicable, has first priority to execute against orders for five (5) contracts or fewer after all priority customer orders resting at the same price on the book at the time the Exchange received an incoming order have been filled.

[In addition to the base allocation methodologies set forth above, the Exchange may determine to apply, on a class-by-class basis, the following priority overlays. The Exchange will issue a Regulatory Circular periodically specifying which classes of options are subject to these additional priorities any time the Exchange changes these priorities.

(1) Small Order Preference:]

(A)1) [Orders for five (5) contracts or fewer will be executed first by the DPM or LMM, as applicable; provided however, that o]On a quarterly basis, the

Exchange will evaluate what percentage of the volume executed on the Exchange (excluding volume resulting from the execution of orders in AIM (see Rule 6.74A)) is comprised of orders for five (5) contracts or fewer executed by DPMs and LMMs, and will reduce the size of the orders included in this provision if such percentage is over forty percent (40%).

(B)2) [This procedure only applies to the allocation of executions among non-customer orders and market maker quotes existing in the EBook at the time the order is received by the Exchange. No market participant is allocated any portion of an execution unless it has an existing interest at the execution price. Moreover, no market participant can execute a greater number of contracts than is associated with the price of its existing interest. Accordingly, the small order preference contained in this allocation procedure is not a guarantee;]To be eligible to receive the small order preference, the DPM or LMM, as applicable, (1)]must be quoting at the [execution price to receive an allocation of any size]best disseminated bid or offer on the Exchange (“BBO”)[.] and (2) cannot execute]may not be allocated a total quantity [a]greater than the quantity the DPM or LMM, as applicable, is quoting at that price[number of contracts than the size that is associated with its quote].

(C)3) If a Preferred Market-Maker is not quoting at [a price equal to]the [N]BBO at the time the Hybrid System receives a preferred order[is received], the [allocation procedure contained in subparagraphs (iii)(A) through (B) shall]small order preference [be]applies[d] to the execution of the preferred order. If a Preferred Market[]-Maker is quoting at the [N]BBO at the time the Hybrid System receives a preferred order[is received], the Preferred Market-Maker receives its participation entitlement, and [the allocation procedure contained in subparagraphs (i) or (ii), as applicable, shall be applied to the execution of the preferred order, and any]no small order preference or Market Turner [status shall not]priority applies[y] to the[at] execution of that order.

(D)4) The small order preference [contained in this allocation procedure is only applicable]applies only to automatic executions and [is]not [applicable to]executions following auctions.

(2)D) Market Turner Priority.[:] The Exchange may apply a Market Turner priority overlay. A “Market Turner” [means a party]is a Trading Permit Holder that [was the]first [to]entered an order or quote at a better price than the previous [best disseminated Exchange price]BBO and the order [(]or quote[)] is continuously in the market until [the particular order (quote)]it trades. There may be a Market Turner for each price at which a particular order or quote trades. [When this priority overlay is in effect, t]The Market Turner has priority at the highest bid or lowest offer that [he]it established. The Market Turner priority at a given price remains with the order [(]or quote[)] once it is [earned]established. For example, if the market moves in the same direction as the direction in which the order or quote from the Market Turner moved the market, and then the market moves back to the Market Turner’s original price, then the Market Turner retains priority at the original price. Market Turner

priority cannot be established until after the opening [print]trade and/or the conclusion of the opening rotation and, once established, [shall] remain in effect until the conclusion of the trading session.

The Exchange may determine, on a class-by-class basis, to reduce the Market Turner priority to a percentage of each inbound order [that is]executable against the Market Turner's order or quote. In such cases, the Market Turner's order or quote may [participate in]trade against the balance of an order, pursuant to the applicable allocation [procedure in effect]algorithm, after the Market Turner priority [has been]is applied. To the extent the Market Turner order [(or quote)] is not fully [exhausted]executed, it [shall]retains Market Turner priority for subsequent inbound orders and quotes until the conclusion of the trading session.

(iii) Decrementation of Order or Quote Size. Upon execution of an order or quote, the System decrements the order or quote by an amount equal to the size of that execution. The remaining size of the order or quote retains its position with respect to priority for subsequent executions.

(iv) Modification of Orders or Quotes. If a Trading Permit Holder modifies an order or quote, the priority of the order or quote may change as follows:

(A) If the price of an order or quote is changed, the order or changed side of the quote loses its priority position and is placed in a priority position as if the System received the order or quote at the time the order or quote was changed.

(B) If the quantity of an order or quote is decreased, it retains its priority position.

(C) If the quantity of an order or quote is increased, the order or changed side of the quote loses its priority position and is placed in a priority position as if the System received the order or quote at the time the quantity of the order or quote is increased.

(D) If the price or quantity of one side of a quote is changed, the unchanged side of the quote retains its priority position.

(v) Contingency Orders. Once a certain event or trading condition satisfies an order's contingency, an order is no longer a contingency order and is treated as a market or limit order (as applicable), prioritized in the same manner as any other market or limit order based on the time it enters the Book following satisfaction of the contingency (i.e., last in time priority with respect to other orders and quotes resting in the Book at that time). If contingencies of multiple orders are satisfied at the same time, the System sends them to the Book in the order in which the System initially received them. Notwithstanding the foregoing, under any algorithm in paragraph (a) above:

(A) All displayed orders and quotes at a given price have priority over all-or-none orders and the non-displayed portions of reserve orders at the same price.

(B) Upon receipt of a reserve order, the System displays in the Book any initially display-eligible portion of the reserve order, which is prioritized in the same manner

as any other order (i.e., based on the time the System receives it). Once any non-displayed portion of a reserve order becomes eligible for display, the System displays in the Book that portion of the order and prioritizes it based on the time it becomes displayed in the Book (i.e., last in time priority with respect to other orders and quotes resting in the Book at that time).

(C) Immediate-or-cancel and fill-or-kill orders are not placed in the Book and thus are not prioritized with respect to other resting orders and quotes in the Book. These orders execute against resting orders and quotes in the Book based on the time the System receives them (i.e., the System processes these orders in the time sequence in which it receives them).

(D) All-or-none orders are always last in priority order (including after the undisplayed portions of reserve orders). If the Exchange applies the priority customer overlay to a class, orders trade in the following order: (i) priority customer orders other than all-or-none, (ii) non-priority customer orders other than all-or-none and quotes, (iii) priority customer all-or-none orders (in time sequence), and (iv) non-priority customer all-or-none orders (in time sequence). If the Exchange applies pro-rata with no priority customer overlay or price-time to a class, orders trade in the following order: (I) orders other than all-or-none and quotes, and (II) all-or-none orders (in time sequence).

(b) Open Outcry Priority and Allocation[of Orders Represented in Open Outcry].

[The allocation of o]Orders that are represented in open outcry by [f]Floor [b]Brokers or PAR Officials, and bids and offers made in response to specific requests from in-crowd Market-Makers, are allocated as follows:[shall be as described below in subparagraph (b)(i). With respect to subparagraph (b)(i)(B), the floor broker or PAR Official representing the order shall determine the sequence in which bids (offers) are made.]

(i) [The highest bid (lowest offer) shall have priority, but where]Bids and offers are prioritized according to price. If there are two or more bids (offers) [for the same option contract represent]at the [highest (lowest)]best price:

(A) [Public]Priority customer orders in the electronic book [shall]have first priority. [Multiple public]If there are two or more priority customer orders in the electronic book at the same price, then priority is afforded among these orders in the order in which the Hybrid System received them (i.e., according to[are ranked based on] time[priority]). [If a public customer order(s) in the electronic book matches, or is matched by, an oral bid or offer provided by a Trading Permit Holder in the trading crowd, the public customer order(s) shall have priority and the balance of the order, if any, will be allocated in open outcry in accordance with subparagraph (B) below.]

(B) Bids (offers) [of]made by in-crowd market participants at the time the market is established [shall]have second priority. The Floor Broker, PAR Official, DPM, LMM or Market-Maker, as applicable, determines which in-crowd market participants responded at the time the market was established and the sequence in which in-crowd market participants made bids (offers). [Priority shall be afforded to

the in-crowd market participants in accordance with the allocation principles contained in Rule 6.45(a) or (b). The balance of the order, if any, will be allocated in accordance with subparagraph (C) below.]

(1) If there are two or more bids (offers) at the same price, then priority is afforded among these bids (offers) in the sequence in which they are made.

(2) If the bids (offers) were made at the same time, or if the Floor Broker, PAR Official, DPM, LMM or Market-Maker, as applicable, cannot reasonably determine the sequence in which the bids (offers) were made, then the order is allocated equally among these bids (offers).

(3) If the Floor Broker, PAR Official, DPM, LMM or Market-Maker, as applicable, cannot reasonably determine the sequence in which the bids (offers) were made beyond a certain number of in-crowd market participants, then the remaining contracts are allocated equally among the bids (offers) for which the sequence could not be determined.

(4) If an in-crowd market participant declines to accept any portion of the available contracts when the Floor Broker, PAR Official, DPM, LMM or Market-Maker, as applicable, determines the allocation of an order, those contracts are allocated equally among the other bids (offers).

(5) If any contracts remain in an order after giving effect to subparagraphs (1) through (4) above and the remainder is not cancelled, and in-crowd market participants subsequently make bids (offers) in a reasonably prompt manner, then the remainder of the order is apportioned equally between the in-crowd market participants who bid (offered) the best price.

(C) [Bids (offers) of b] Broker-dealer orders and quotes in the electronic book [and electronic quotes of Market-Makers shall] have third priority. If there are two or more broker-dealer orders or quotes in the electronic book at the same price, then [P] priority [shall be] is afforded [to] among these [bids (offers)] orders and quotes in accordance with the [Allocation Algorithm formula in effect pursuant to Rule 6.45B(a)] applicable electronic allocation algorithm in Rule 6.45(a).

(D) Notwithstanding the priority provisions otherwise applicable under subparagraph (B) above, Trading Permit Holders relying on Section 11(a)(1)(G) of the Exchange Act and Rule 11a1-1(T) thereunder (the so called “G exemption rule”) as an exemption must yield priority to any bid (offer) at the same price of [public] priority customer orders and broker-dealer orders resting in the electronic book, as well as any other bids and offers that have priority over such broker-dealer orders under this Rule.

(ii) [Exception:] Complex Order Priority Exception.[:] A complex order as defined in Rule 6.42.01 may be executed at a net debit or credit price [with another Trading Permit Holder] without giving priority to equivalent bids (offers) in the individual series legs that are represented in the trading crowd or in the [public customer limit order] electronic

book provided at least one leg of the order betters the corresponding bid (offer) of a priority customer order(s) in the [public customer limit order]electronic book by at least one minimum trading increment [as defined in Rule 6.42 (i.e., \$0.10 or \$0.05 or \$0.01, as applicable)]or a \$0.01 increment, which increment [shall be determined by]the Exchange will determine on a class-by-class basis. Stock-option orders and security future-option orders, as defined in Rule 1.1(ii)(a) and Rule 1.1(zz)(a), respectively, have priority over bids (offers) of the trading crowd but not over priority customer bids (offers) in the [public customer limit order]electronic book.

(iii) The provisions of paragraph (b) are subject to Rule 8.7, Interpretation and Policy .02, and Rule 8.51.

[(c) Interaction of Market Participant's Quotes and/or Orders with Orders in Electronic Book

Market participants, as defined in Rule 6.45B, may submit quotes or orders electronically to trade with orders in the electronic book. A floor broker market participant may only represent as agent customer orders or orders from unaffiliated broker-dealers. When a market participant's quote or order interacts with the order in the book, a trade occurs, CBOE will disseminate a last sale report, and the size of the book order will be decremented to reflect the execution.

In the limited instance when the Exchange has determined that the allocation of incoming electronic orders shall be pursuant to price-time priority as described in Rule 6.45B(a)(i), allocation of orders in the Electronic Book pursuant to this paragraph shall be based on time-priority (*i.e.*, allocated to the first market participant to interact with the order in the book, up to the size of that market participant's order). In all other instances, the allocation of the book order shall be as follows:

(i) One Market Participant Trades with the Electronic Book: If only one market participant submits an electronic order or quote to trade with an order in the electronic book, that market participant shall be entitled to receive an allocation of the order in the electronic book up to the size of the market participant's order.

(ii) Multiple Market Participant Trade with the Electronic Book: Each market participant that submits an order or quote to buy (sell) an order in the electronic book within a period of time not to exceed 5-seconds of the first market participant to submit an order ("N-second group") shall be entitled to receive an allocation of the order in the electronic book pursuant to the following allocation algorithm:

Allocation Algorithm

Electronic Book Order(s) Size*	(Equal Percentage based on numbers of “N-second group”)	+	(Size pro-rata Percentage based on size of “N-second group”)
	(Component A)		(Component B)
2			

Where:

Component A: The percentage to be used for Component A shall be an equal percentage derived by dividing 100 by the number of market participant’s in the “N-second group.”

Component B: Size Pro-rata Allocation. The percentage to be used for Component B of the Allocation Algorithm formula is that percentage that each market participant of the “N-second group’s” quote at the best price represents relative to the total number of contracts of all market participants of the “N-second group.” The Exchange may determine that the maximum quote size to be used for each market participant in the Component B calculation shall be no greater than the cumulative size of orders resident in the electronic book at the best price at which market participants are attempting to buy (sell).

Final Weighting: The final weighting formula, which shall be established by the Exchange and may vary by product, shall be a weighted average of the percentages derived for Components A and B, multiplied by the size of the order(s) in the electronic book. Changes made to the percentage weightings of Components A and B shall be announced to the Trading Permit Holders via Regulatory Circular at least one day before implementation of the change.

Length of “N-Second Group” Timer: The Exchange will determine the length of the “N-second group” timer on a class-by-class basis provided, however, that the duration of the “N-second group” timer shall not exceed five seconds. Any changes to the duration of the “N-second group” timer shall be announced via Regulatory Circular.

(iii) Participation Entitlement: There is no DPM or LMM participation entitlement applicable to orders allocated pursuant to this paragraph (c).]

(d)c) Locked and Inverted Electronic Quotes,[Interacting with Quotes]

(i) *Locked Quotes.* In the event [that]a Market-Maker’s disseminated quote[s] locks (e.g., \$1.00 bid – \$1.00 offer)[interact] with [the disseminated quote(s) of]another Market-Maker’s disseminated quote[, resulting in the dissemination of a “locked” quote (e.g., \$1.00 bid - 1.00 offer), the following shall occur]:

(A) The [Exchange]System [will]disseminates the locked market, and both quotes [will be]are deemed “firm” disseminated market quotes.

(B) When the market locks in a Hybrid class, a “counting period” [will]begins during which Market-Makers whose quotes are locked may eliminate the locked market. Provided, however, that in accordance with subparagraph (A) above, a Market-Maker will be obligated to execute customer and broker-dealer orders eligible for automatic execution pursuant to Rule 6.13 at [his]its disseminated quote in accordance with Rule 8.51. If, at the end of the counting period, the quotes remain locked, the locked quotes [will]automatically execute against each other in accordance with the applicable allocation algorithm described above in Rule 6.45[B](a). The Exchange will determine on a class-by-class basis whether to apply a counting period and, if so, the length of the counting period[will be established by the Exchange, may vary by product, and will], which may not exceed one second.

(C) When the market locks in a Hybrid 3.0 class, there [shall be]is no counting period. Locked quotes [will]do not automatically execute against each other and [will]remain locked until a quote is cancelled or changed.

(ii) *Inverted Quotes[:]*. The Hybrid System will not disseminate an internally crossed market (*i.e.*, the CBOE best bid is higher than the CBOE best offer). If a Market-Maker submits a quote (“incoming quote”) that would invert an existing quote (“existing quote”), the Hybrid System will change the incoming quote such that it locks the [first]existing quote. Locked markets are handled in accordance with subparagraph (d)(c)(i) above. During the lock period, if the existing quote is cancelled subsequent to the time the incoming quote is changed, the System will restore the incoming quote [will automatically be restored]to its original terms.

... Interpretations and Policies:

.01 Principal Transactions: Order entry firms may not execute as principal against orders they represent as agent unless: (i) agency orders are first exposed on the Hybrid System for at least one (1) second, (ii) the order entry firm has been bidding or offering for at least one (1) second prior to receiving an agency order that is executable against such bid or offer, or (iii) the order entry firm proceeds in accordance with the crossing rules contained in Rule 6.74. This paragraph also [shall]appl[y]ies to orders resting on the Hybrid System in penny increments pursuant to Rule 6.13B. In such cases, agency orders priced in penny increments are deemed “exposed” pursuant to (i) above, and order entry firm orders priced in penny increments are deemed bids or offers pursuant to (ii) above. For Hybrid 3.0 classes, the minimum exposure time in (i) and (ii) above must be at least one (1) second but no more than thirty (30) seconds, which the Exchange will determine on a class-by-class basis.

.02 Solicitation Orders. Order entry firms must expose orders they represent as agent for at least one (1) second before such orders may be executed electronically via the electronic execution mechanism of the Hybrid System, in whole or in part, against orders solicited from Trading Permit Holders and non-Trading Permit Holder broker-dealers to transact with such orders. This paragraph also [shall] appl[y]ies to agency orders resting on the Hybrid

System in penny increments pursuant to Rule 6.13B. In such cases, agency orders priced in penny increments are deemed “exposed” pursuant to this paragraph. For Hybrid 3.0 classes, the minimum exposure time must be at least one (1) second but no more than thirty (30) seconds, which the Exchange will determine on a class-by-class basis.

.03 [For purposes of Interpretations .01 and .02, the minimum exposure time for Hybrid 3.0 Classes shall be determined by the Exchange, on a class-by-class basis, provided the minimum exposure time must be at least one (1) second but shall not exceed thirty (30) seconds.][**.04 Reserve Orders.** [With respect to Reserve Orders, the allocation provisions of paragraph (a) of this Rule only apply to the displayed portion of a Reserve Order. Further, f]For the non-displayed reserve portion of a reserve order, the exposure requirement [of]in Interpretation and Policy .01 [and]or .02 above, as applicable, is[are] satisfied if the displayable portion of the reserve order is displayed at its displayable price for one second or the applicable exposure time for Hybrid 3.0 classes.

.04 Exchange Determinations. The Exchange will announce to Trading Permit Holders all determinations it makes pursuant to Rule 6.45 and its Interpretations and policies via Regulatory Circular with appropriate advanced notice or as otherwise provided. To the extent the Exchange authorizes groups of series of a class to trade on different trading platforms pursuant to Rule 8.14, Interpretation and Policy .01, the Exchange may make determinations pursuant to Rule 6.11 and its Interpretations and Policies on a group-by-group basis that would otherwise be made on a class-by-class basis.

.05 Applicability. Rule 6.45 applies to orders and quotes submitted by Trading Permit Holders and orders submitted by PAR Officials.

[.05].06 Stock-Option Orders on PAR.[:] For purposes of Rule 6.45[B](b)(ii), the stock component of a stock-option order represented in open outcry may, in accordance with the order’s terms, be routed from PAR to an Exchange-designated broker-dealer not affiliated with the Exchange for electronic execution at a stock trading venue selected by the Exchange-designated broker-dealer. See Rule 6.48.

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Rule 6.49A. Transfer of Positions

(a) – (d) No change.

... Interpretations and Policies:

.01 No change.

.02 To the extent applicable, all other rules of the Exchange, including Rule 6.9, Solicited Transactions, shall apply to the transfer procedure set forth in this Rule 6.49A. The following rules are either superseded by this Rule or do not apply to transfer procedures: 6.41[(Meaning of Premium Bids and Offers)], 6.44[(Bids and Offers in Relation to Units of Trading)], 6.45[(Priority of Bids and Offers)], 6.47[(Priority of Split Price Transactions)], 6.74[(“Crossing” orders)], and 24.8[(Meaning of Premium Bids and

Offers)]. There may be other rules of the Exchange that do not, by their terms, apply to the transfer procedure set forth in this Rule 6.49A.

.03 No change.

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Rule 6.53B. S&P 500 Variance Trades

(a) – (b) No change.

(c) *Order Execution.* S&P 500 variance trade orders shall be ranked pursuant to one of the matching algorithms set forth in Rule 6.45[A], as determined by the Exchange. Once an S&P 500 variance trade match is received by the System, it will deconstruct the match into individual trades in constituent SPX option series. The process used to deconstruct S&P 500 variance trades into constituent SPX option legs involves 2-steps.

The first step assigns the number of contracts traded for each SPX option series. The number of SPX contracts is a function of the S&P 500 variance trade price and trade quantity, as well as time to expiration, interest rates and the strike prices of constituent SPX option legs.

The second step assigns trade prices for each SPX option in the S&P 500 variance trade. The System first constructs a baseline implied volatility for each constituent SPX option based on mid-quote prices prevailing at the time of the S&P 500 variance trade execution.

All of the implied volatilities of the constituent SPX options are then increased or decreased by an equal amount such that when the resulting theoretical option prices are fed back into the VIX formula, the formula value matches the S&P 500 variance trade price.

Once trade prices are determined for each constituent series, the System executes and reports the trades. The execution prices are unrelated to the existing market for the applicable series, therefore constituent trades are executed and reported without regard for existing bids and offers on the Exchange.

Rule 6.53C. Complex Orders on the Hybrid System

(a) – (b) No change.

(c) Complex Order Book:

(i) No change.

(ii) Execution of Complex Orders in the COB: Notwithstanding the provisions of Rule 6.42, the Exchange will determine on a class-by-class basis whether complex orders that are submitted to the COB may be expressed on a net price basis in a multiple of the minimum increment (*i.e.*, \$0.10 or \$0.05 or \$0.01, as applicable) or in a smaller increment that may not be less than \$0.01. Complex orders that are submitted to the COB may be executed without consideration to prices of the same complex orders that might be available on other exchanges, and the legs of a complex

order may be executed in \$0.01 increments, regardless of the minimum quoting increments otherwise appropriate to the individual legs of the order. Complex orders that are submitted to the COB may trade in the following way:

(1) No change.

(2) Orders in COB: Complex orders in the COB that are marketable against each other will automatically execute. The allocation of a complex order within the COB shall be pursuant to the rules of trading priority otherwise applicable to incoming electronic orders in the individual component legs or another electronic matching algorithm from Rule 6.45[A or 6.45B, as applicable], as determined by the Exchange on a class-by-class basis.

(3) Trading Permit Holders and PAR Officials may submit orders or quotes to trade against orders in the COB. Trading Permit Holders and PAR Officials entering orders or quotes that are not eligible to rest in the COB pursuant to subparagraph (c)(i) above may only enter IOC orders and such other order or quote types as the Exchange may determine on a class-by-class basis. Order or quote types that are not eligible to rest or trade against the COB will be automatically cancelled. The Exchange may determine on a class-by-class basis which [allocation of complex orders submitted to trade against orders in the COB that trade against those orders or quotes shall be pursuant to the rules of trading priority otherwise applicable to incoming electronic orders in the individual component legs or another] electronic matching algorithm from Rule 6.45[A or 6.45B, as applicable, as determined by the Exchange on a class-by-class basis] applies to executions of complex orders in the COB.

(iii) – (iv)

(d) Process for Complex Order RFR Auction: Prior to routing to the COB or once on PAR, eligible complex orders may be subject to an automated request for responses (“RFR”) auction process.

(i) – (iv) No change.

(v) Execution of COA-Eligible Orders: COA-eligible orders may be executed without consideration to prices of the same complex orders that might be available on other exchanges, and the legs of a COA-eligible order may be executed in one cent increments, regardless of the minimum quoting increments otherwise appropriate to the individual legs of the order. COA-eligible orders will trade first based on the best net price(s) and, at the same net price, will be allocated in the following way:

(1) The individual orders and quotes residing in the EBook [shall]have first priority to trade against a COA-eligible order, provided the COA-eligible order can be executed in full (or in a permissible ratio) by the orders and quotes in the EBook. The allocation of a COA-eligible order against the EBook [shall be consistent with] is pursuant to the [UMA]aggregated pro-rata priority electronic allocation algorithm

with priority customer overlay described in Rule 6.45(a)(i)(B) and (ii)(A), with order and quote sizes capped for allocation purposes[A or 6.45B, as applicable].

(2) [Public]Priority customer complex orders resting in the COB before, or that are received during, the Response Time Interval and [public]priority customer RFR Responses, [shall,] collectively, have second priority to trade against a COA-eligible order. [The allocation of a COA-eligible order against the public customer complex orders resting in the COB shall be according to time priority]If there are two or more priority customer complex orders at the same price, priority is afforded to such priority customer orders in the sequence in which the Hybrid System received them.

(3) [Non-public customer]Broker-dealer orders resting in the COB before the Response Time Interval [shall] have third priority to trade against a COA-eligible order. The allocation of a COA-eligible order against [non-public customer]broker-dealer orders resting in the COB [shall be]is pursuant to the [UMA]aggregated pro-rata priority electronic allocation algorithm with priority customer overlay described in Rule 6.45(a)(i)(B) and (ii)(A), with order sizes capped for allocation purposes[A or 6.45B, as applicable].

(4) [Non-public customer]Broker-dealer orders resting in the COB that are received during the Response Time Interval and [non-public customer]broker-dealer RFR responses, [shall,] collectively, have fourth priority. The allocation of a COA-eligible order against these opposing orders [shall be consistent with]is pursuant to the [CUMA]aggregated pro-rata priority electronic allocation algorithm with priority customer overlay described in Rule 6.45(a)(i)(B) and (ii)(A), with order and response sizes capped for allocation purposes[A or 6.45B, as applicable].

(vi) – (ix) No change.

... Interpretations and Policies:

.01 – .05 No change.

.06 Special Provisions Applicable to Stock-Option Orders: Stock-option orders may be executed against other automated stock-option orders. Stock-option orders will not be legged against the individual component legs, except as provided in paragraph (d) below, and leg orders will not be generated pursuant to paragraph (c)(iv) of this Rule for stock-option orders.

(a) No change.

(b) Option Component. Notwithstanding the special priority provisions contained in paragraphs (c) and (d) below, the option leg(s) of a stock-option order shall not be executed on the Hybrid System (i) at a price that is inferior to the Exchange's best bid (offer) in the series or (ii) at the Exchange's best bid (offer) in that series if one or more [public]priority customer orders are resting at the best bid (offer) price on the Ebook in each of the component option series and the stock-option order could otherwise be executed in full (or in a permissible ratio). The option leg(s) of a stock-option order may

be executed in a one-cent increment, regardless of the minimum quoting increment applicable to that series.

(1) – (2) No change.

(c) Complex Order Book. Stock-option orders in the COB that are marketable against each other will automatically execute, subject to the condition noted in paragraph (b) above. The allocation of a stock-option order within the COB shall be pursuant to the rules of trading priority otherwise applicable to incoming electronic orders in the individual component legs or another electronic matching algorithm from Rule 6.45[A or 6.45B, as applicable], as determined by the Exchange on a class-by-class basis. Orders and quotes may be submitted by Trading Permit Holders and PAR Officials to trade against orders in the COB as set forth in subparagraph (c)(ii)(3) of this Rule[, except that the N-second group timer under Rule 6.45A(c) or 6.45B(c), as applicable, shall not be in effect for stock-option orders].

(d) – (f) No change.

.07 – .10 No change.

.11 Execution of Complex Orders on the COB Open:

(a) Complex orders, including stock-option orders, do not participate in opening rotations for individual component option series legs conducted pursuant to Rule 6.2B. When the last of the individual component option series legs that make up a complex order strategy has opened (and, in the case of a stock-option order, the underlying stock has opened), the COB for that strategy will open. The COB will open with no trade, except as follows:

(i) No change.

(ii) The COB will open (or continue to open with another trade if a trade occurred pursuant to subparagraph (i) above) with a trade against complex orders if there are complex orders in the COB (including any remaining balance of an order that enters the COB after a partial trade with the legs pursuant to subparagraph (i)) that are marketable against each other and priced within the derived net market. The resulting execution will occur at a market clearing price that is inside the derived net market and that matches complex orders to the extent marketable pursuant to the electronic allocation algorithm from Rule 6.45[A or 6.45B, as applicable], as determined by the Exchange on a class-by-class basis with the addition that the COB gives priority to complex orders whose net price is better than the market clearing price first, and then to complex orders at the market clearing price. To the extent there is any remaining balance, the complex orders will be processed as they would on an intra-day basis under Rule 6.53C. This subparagraph (ii) is applicable to stock-option orders.

(b) – (c) No change.

.12 No change.

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Rule 6.74. Crossing Orders

Generally. The rules of priority and order allocation procedures set forth in this Rule shall apply only to crossing orders in open outcry. [The term “in-crowd market participant” (“ICMP”) as used throughout this Rule only includes an in-crowd Market-Maker, in-crowd DPM or LMM, and Floor Broker or PAR Official representing orders in the trading crowd.] For purposes of establishing priority for bids and offers, at the same price: (A) bids and offers of ICMPs have first priority, except as is otherwise provided in the Rule below with respect to [public]priority customer orders resting in the electronic book; and (B) all other bids and offers (including bids and offers of broker-dealer orders in the electronic book and electronic quotes of Market-Makers) have second priority.

In addition, in order to transact proprietary orders on the floor of the Exchange pursuant to this Rule, Trading Permit Holders must ensure that they qualify for an exemption from Section 11(a)(1) of the Exchange Act. Notwithstanding the priority provisions otherwise applicable under this Rule, Trading Permit Holders relying on Section 11(a)(1)(G) of the Exchange Act and Rule 11a1-1(T) thereunder (the “G” exemption) as an exemption must yield priority to any bid or offer at the same price of [public]priority customer orders and broker-dealer orders resting in the electronic book, as well as any other bids and offers that have priority over such broker-dealer orders under this Rule. In the event a Floor Broker that is asserting a crossing participation entitlement for its proprietary order pursuant to paragraph (d) below must yield priority in reliance on the “G” exemption and a DPM or LMM, as applicable, is asserting a participation entitlement, the Floor Broker’s crossing percentage entitlement to the remaining balance of the original order, when combined with the DPM/LMM guaranteed participation, shall not exceed 40% of the order. However, provided the “G” exemption requirements are satisfied, nothing prohibits a Floor Broker or DPM/LMM from trading more than their applicable percentage entitlement if other ICMPs do not chose to trade the remaining portion of the order. For purposes of this Rule, the term “proprietary order” means an order for a Trading Permit Holder’s own account, the account of an associated person, or an account with respect to which it or an associated person thereof exercises investment discretion.

(a) – (e) No change.

. . . Interpretations and Policies:

.01 – .10 No change.

Rule 6.74A. Automated Improvement Mechanism (“AIM”)

Notwithstanding the provisions of Rule 6.74, a Trading Permit Holder that represents agency orders may electronically execute an order it represents as agent (“Agency Order”) against principal interest or against a solicited order provided it submits the Agency Order for electronic execution into the AIM auction (“Auction”) pursuant to this Rule.

(a) No change.

(b) Auction Process. Only one Auction may be ongoing at any given time in a series and Auctions in the same series may not queue or overlap in any manner. The Auction may not be cancelled and shall proceed as follows:

(1) No change.

(2) Conclusion of Auction. The Auction shall conclude at the sooner of (A) through (F) below with the Agency Order executing pursuant to paragraph (3) below.

(A) – (D) No change.

(E) Any time there is a quote lock on the Exchange pursuant to Rule 6.45[A(d)](c); or

(F) No change.

(3) Order Allocation. At the conclusion of the Auction, the Agency Order will be allocated at the best price(s) pursuant to the matching algorithm in effect for the class subject to the following:

(A) No change.

(B) [Public]Priority customer orders in the book shall have priority.

(C) – (G) No change.

(H) If the Auction does not result in price improvement over the Exchange's disseminated price at the time the Auction began, resting unchanged quotes or orders that were disseminated at the best price before the Auction began shall have priority after any [public]priority customer order priority and the Initiating Trading Permit Holder's priority (40%) have been satisfied. Any unexecuted balance on the Agency Order shall be allocated to RFR responses provided that those RFR responses will be capped to the size of the unexecuted balance and that the Initiating Trading Permit Holder may not participate on any such balance unless the Agency Order would otherwise go unfilled.

(I) If the final Auction price locks a priority customer order in the book on the same side of the market as the Agency Order, then, unless there is sufficient size in the Auction responses to execute both the Agency Order and the booked priority customer order (in which case they will both execute at the final Auction price), the Agency Order will execute against the RFR responses at one minimum RFR response increment worse than the final Auction price against the Auction participants that submitted the final Auction price and any balance shall trade against the priority customer order in the book at such order's limit price.

(J) No change.

If an unexecuted balance remains on the Auction responses after the Agency Order has been executed and such balance could trade against any unrelated order(s) that caused the Auction to conclude, then the RFR balance will trade against the unrelated order(s).

. . . Interpretations and Policies:

.01 – .07 No change.

.08 In lieu of the procedures in paragraphs (a) through (b) above, an Initiating Trading Permit Holder may enter an Agency Order for the account of a [non-broker-dealer]priority customer paired with a solicited order for the account of a [non-broker-dealer]priority customer and such paired orders will be automatically executed without an Auction Period provided the execution price is in the applicable standard increment and will not trade through the NBBO or at the same price as any resting priority customer order, and provided further that:

(a) – (b) No change.

Rule[s] 6.45[A].01 [and 6.45B.01]prevents an order entry firm from executing agency orders to increase its economic gain from trading against the order without first giving other trading interests on the Exchange an opportunity to either trade with the agency order or to trade at the execution price when the Trading Permit Holder was already bidding or offering on the book. However, the Exchange recognizes that it may be possible for a firm to establish a relationship with a customer or other person to deny agency orders the opportunity to interact on the Exchange and to realize similar economic benefits as it would achieve by executing agency orders as principal. It would be a violation of Rule 6.45[A].01 [or 6.45B.01, as applicable,]for a firm to circumvent Rule 6.45[A].01 [or 6.45B.01, as applicable,]by providing an opportunity for (i) a customer affiliated with the firm, or (ii) a customer with whom the firm has an arrangement that allows the firm to realize similar economic benefits from the transaction as the firm would achieve by executing agency orders as principal, to regularly execute against agency orders handled by the firm immediately upon their entry as AIM customer-to-customer immediate crosses.

.09 No change.

Rule 6.74B. Solicitation Auction Mechanism

A Trading Permit Holder that represents agency orders may electronically execute orders it represents as agent (“Agency Order”) against solicited orders provided it submits the Agency Order for electronic execution into the solicitation auction mechanism (the “Auction”) pursuant to this Rule.

(a) No change.

(b) Auction Process. The Auction shall proceed as follows:

(1) No change.

(2) Auction Conclusion and Order Allocation. The Auction shall conclude at the sooner of subparagraphs (b)(2)(A) through (F) of Rule 6.74A. At the conclusion of the Auction, the Agency Order will be automatically executed in full or cancelled and allocated subject to the following:

(A) The Agency Order will be executed against the solicited order at the proposed execution price, provided that:

(I) No change.

(II) There are no [public]priority customer orders resting in the book on the opposite side of the Agency Order at the proposed execution price. If there are [public]priority customer orders and there is sufficient size (considering all resting orders, electronic quotes and responses) to execute the Agency Order, the Agency Order will be executed against these interests and the solicited order will be cancelled. If there are [public]priority customer orders and there is not sufficient size (considering all resting orders, electronic quotes and responses), both the Agency Order and the solicited order will be cancelled; and

(III) No change.

... Interpretations and Policies:

.01 – .02 No change.

.03 Under Rule 6.74B, Trading Permit Holders may enter contra orders that are solicited. The Auction provides a facility for Trading Permit Holders that locate liquidity for their customer orders. Trading Permit Holders may not use the Auction to circumvent Rule[s] 6.45[A].01[, 6.45B.01] or 6.74A limiting principal transactions. This may include, but is not limited to, Trading Permit Holders entering contra orders that are solicited from (a) affiliated broker-dealers, or (b) broker-dealers with which the Trading Permit Holder has an arrangement that allows the Trading Permit Holder to realize similar economic benefits from the solicited transaction as it would achieve by executing the customer order in whole or in part as principal. Additionally, solicited contra orders entered by Trading Permit Holders to trade against Agency Orders may not be for the account of a CBOE Market-Maker assigned to the options class.

* * * * *

Rule 6.82. Locked and Crossed Markets

(a) No change.

(b) *Exceptions.*

(1) – (3) No change.

(4) The locking quotation is permissible pursuant to Rule[s] 6.45[A(d)](c)[and 6.45B(d)].

* * * * *

Rule 7.4. Obligations for Orders*(a) Eligibility and Acceptance:*

(1) Eligibility: [Public customer orders are eligible for entry into the electronic book. Market participants, as defined in Rule 6.45A or 6.45B in Hybrid classes shall be eligible to submit] Trading Permit Holders and PAR Officials may enter eligible orders [for entry]into the electronic book. Public customer orders in Hybrid and Hybrid 3.0 classes are eligible for entry into the electronic book. The Exchange may determine on an issue-by-issue basis that the following types of orders may also be eligible for entry into the electronic book:

- (i) Broker-dealer [O]orders [submitted by market participants, as defined in Rule 6.45B,] in Hybrid 3.0 Classes;
- (ii) Broker-dealer orders in Hybrid classes; or
- (iii) No change.

Trading Permit Holders submitting orders or quotes for entry into the electronic book must do so electronically and must comply with such format requirements as may be prescribed by the Exchange. Announcements regarding book eligibility or the format requirements for the entry of orders into the book shall be made via Regulatory Circular.

(2) No change.

(b) Types of Orders. Orders which may be placed with an Order Book Official or directly into the electronic book, shall include the following:

- (i) – (iii) No change.
- (iv) Orders from [market participants (as defined in Rule 6.45A or 6.45B)] Trading Permit Holders or PAR Officials.

(c) – (e) No change.

(f) Electronic Execution in Non-CBOE Hybrid System Classes: Notwithstanding the priority provisions of [paragraphs (a) and (b) of]Rule 6.45**(b)**, when the OBO or DPM believes there are more orders on the electronic book screen that displays market orders or limit orders that improve the market (“live ammo screen”) than can be expeditiously handled in open outcry, an OBO or DPM should select orders from the “live ammo screen” to be electronically executed. In order to be electronically executed, the order selected from the live ammo screen must be marketable and must meet the RAES eligible order size criteria for the appropriate options class pursuant to the terms of Rule 6.8 or other applicable RAES rule. A Market-Maker that is signed onto RAES for that options class will be assigned as the contra-party to any electronically executed order sent by the OBO from live ammo pursuant to the RAES assignment methodology in place for that

options class. This paragraph has no applicability to options classes trading on the CBOE Hybrid System.

. . . Interpretations and Policies:

.01 – .05 No change.

.06 Electronic execution of certain orders on the Exchange’s electronic limit order book is provided for under sub-paragraphs (d)(iv) and (v) of Rule 6.8, [subparagraphs (a)-(d) of]Rule[s] 6.45[A and 6.45B], and subparagraph (b) of Rule 6.13.

* * * * *

Rule 8.3. Appointment of Market-Makers

(a) – (b) No change.

(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) – (v) No change.

[(vi) A Market-Maker may not hold an appointment and submit electronic quotations in any class in which an affiliated DPM or LMM is appointed, or in which an affiliated Market-Maker holds an appointment and submits electronic quotations, if CBOE uses in that class an allocation algorithm that allocates electronic trades, in whole or in part, in an equal percentage based on the number of market participants quoting at the best bid or offer. However, the foregoing restriction does not apply if CBOE uses in a particular options class an allocation algorithm that does not allocate electronic trades, in whole or in part, in an equal percentage based on the number of market participants quoting at the best bid or offer. Additionally, there is no restriction on affiliated Market-Makers holding an appointment in the same class for purposes of trading in open outcry.]

(d) – (e) No change.

Rule 8.3A. Maximum Number of [Market Participants]Trading Permit Holders Quoting Electronically Per Product

With respect to products trading on the Hybrid Trading System, the Exchange will impose an upper limit on the aggregate number of Trading Permit Holders that may quote electronically in each product during each trading session (“Class Quoting Limit” or “CQL”). (For purposes of this Rule, the term “product” refers to all options of the same single underlying security/value.) Interpretations and Policies .01 specifies the Class Quoting Limits for all products trading on Hybrid.

When a CQL is established for each product, the following criteria govern which Trading Permit Holders are entitled to quote electronically in that subject product. A Market-Maker

that is not eligible to quote electronically in a product may quote in open outcry in that product.

(a) – (b) No change.

... Interpretations and Policies:

.01 – .03 No change.

* * * * *

Rule 8.13. Preferred Market-Maker Program

(a) – (b) No change.

(c) *Entitlement Rate.* Provided the provisions of [sub]paragraph (b) above have been met, the Preferred Market-Maker participation entitlement [shall be]is the greater of one contract or 40% when there are two or more other Market-Maker[s also quoting] quotes or broker-dealer orders at the [best bid/offer on the Exchange]BBO, and 50% when there is [only]one other Market-Maker quote[ing] or broker-dealer order at the [best bid/offer on the Exchange]BBO. For purposes of this paragraph (with respect to an electronic execution), all broker-dealer orders at the same price will be treated as one broker-dealer order (with size consisting of the cumulative number of contracts in those non- broker-dealer orders). In addition, the following shall apply:

(i) No change.

(ii) The participation entitlement rate is based on the number of contracts remaining after all [public]priority customer orders in the book at the [best bid/offer on the Exchange]BBO have been satisfied.

(iii) No change.

(d) No change.

... Interpretations and Policies:

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

(a) No change.

(b) Entitlement Rate. Provided the provisions of [sub]paragraph (a) above have been met, the Preferred Market-Maker participation entitlement [shall be]is the greater of one contract or 40% when there are two or more other Market-Maker[s also] quot[ing]es or broker-dealer orders at the best net priced bid/offer execution price, and 50% when there is [only]one

other Market-Maker quote or broker-dealer order at the best net priced bid/offer execution price. In addition, the following shall apply:

(i) No change.

(ii) the entitlement would be based on the number of contracts remaining after equivalent net priced orders and quotes in the EBook and equivalent net priced [public]priority customer complex orders resting in COB that have priority over Preferred Market-Maker in accordance with Rule 6.53C; and

(iii) No change.

(c) No change.

.02 – .03 No change.

* * * * *

Rule 8.15. Lead Market-Makers

(a) – (c) No change.

(d) **Participation Entitlement:** The Exchange may establish, on a class-by-class basis, a participation entitlement formula that is applicable to LMMs for purposes of electronic and/or open outcry trading.

(i) To be entitled to a participation entitlement, the LMM must be quoting at the [best bid/offer on the Exchange]BBO and the LMM may not be allocated a total quantity greater than the quantity for which the LMM is quoting at the [best bid/offer on the Exchange]BBO. The participation entitlement is based on the number of contracts remaining after all [public]priority customer orders in the book at the [best bid/offer on the Exchange]BBO have been satisfied. In option classes in which both an On-Floor LMM and an Off-Floor DPM have been appointed, the On-Floor LMM may receive a participation entitlement with respect to orders represented in open outcry, but will not be eligible to receive a participation entitlement for trades executed electronically. The participation entitlement set forth in this Rule will not apply in instances where a Preferred Market-Maker receives a participation entitlement pursuant to Rule 8.13 and is subject to the limitations for Off-Floor LMMs set forth in Rule 8.15, Interpretation and Policy .01 (a).

(ii) The LMM participation entitlement [will be]is: 50% when there is one other Market-Maker quote or broker-dealer order[also quoting] at the [best bid/offer on the Exchange]BBO; 40% when there are two other Market-Maker[s] quotes or broker-dealer orders [also quoting] at the [best bid/offer on the Exchange]BBO; and[,] 30% when there are three or more other Market-Maker[s] quotes or broker-dealer orders [also quoting] at the [best bid/offer on the Exchange]BBO. For purposes of this paragraph (with respect to an electronic execution), all broker-dealers orders at the same price will be treated as one broker-dealer order (with size consisting of the cumulative number of contracts in those broker-dealer orders). If more than one LMM is entitled to a

participation entitlement, such entitlement [will be]is distributed equally among all eligible LMMs[provided, however, that an LMM may not be allocated a total quantity greater than the quantity for which the LMM is quoting at the best bid/offer on the Exchange].

The Exchange may determine, on a class-by-class basis, to decrease the LMM participation entitlement percentages from the percentages specified in paragraph (d)(ii) above. Such changes will be announced to the Trading Permit Holders in advance of implementation via Regulatory Circular.

. . . Interpretations and Policies:

.01 – .04 No change.

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Rule 8.51. Firm Disseminated Market Quotes

(a) – (f) No change.

. . . Interpretations and Policies:

.01 No change.

.02 Where a [market participant]Trading Permit Holder has caused a bid or offer to be disseminated and the order is subsequently filled or canceled, the [market participant]Trading Permit Holder will be responsible for causing such disseminated bid or offer to be removed. Failure to do so will result in the [market participant]Trading Permit Holder being responsible for satisfying the firm disseminated quote commitment pursuant to subsection (b) of this Rule. Any Trading Permit Holder who has caused a bid or offer to be disseminated is equally responsible for removing such bid or offer when he leaves the trading crowd.

.03 – .11 No change.

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Rule 8.87. Participation Entitlement of DPMs

(a) No change.

(b) The participation entitlement for DPMs shall operate as follows:

(1) *Generally.*

(i) – (ii) No change.

(iii) The participation entitlement is based on the number of contracts remaining after all [public]priority customer orders in the book at the [best bid/offer on the Exchange]BBO have been satisfied.

(iv) No change.

(2) *Participation Rates* [a] Applicable to DPM Complex. The collective DPM participation entitlement shall be: 50% when there is one other Market-Maker quote or broker-dealer order [also quoting]at the [best bid/offer on the Exchange]BBO; 40% when there are two other Market-Maker[s] quotes or broker-dealer orders [also quoting]at the [best bid/offer on the Exchange]BBO; and[,] 30% when there are three or more other Market-Maker[s] quotes or broker-dealer orders [also quoting]at the [best bid/offer on the Exchange]BBO. For purposes of this paragraph (with respect to an electronic execution), all broker-dealers orders at the same price will be treated as one broker-dealer order (with size consisting of the cumulative number of contracts in those non-Market-Maker broker-dealer orders).

(3) – (4) No change.

... Interpretations and Policies:

.01 – .03 No change.

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Rule 17.50. Imposition of Fines for Minor Rule Violations

(a) – (f) No change.

(g) The following is a list of the rule violations subject to, and the applicable fines that may be imposed by the Exchange pursuant to, this Rule:

(1) – (4) No change.

(5) A fine shall be imposed upon a Market-Maker or Floor Broker in accordance with the fine schedule set forth below for the following conduct¹:

- Failure to honor the firm quote requirements of Rule 8.51;
- Failure to honor the priority of marketable priority customer orders [maintained in the Customer Limit Order Book]pursuant to Rule 6.45; and
- Failure to use due diligence in the execution of orders for which the floor Trading Permit Holder maintains an agency obligation pursuant to Rule 6.73.

Number of Offenses In Any Rolling Twenty- Four Month “Look-Back” Period ***Fine Amount***

1st Offense	\$[]500 to \$1,500
2nd Offense	\$1,000 to \$3,000

3rd Offense	\$2,000 to \$5,000
4th and 5th Offenses	\$3,500 to \$5,000
Subsequent Offenses	Referral to Business Conduct Committee
(6) – (19) No change.	

. . . Interpretations and Policies:

.01 – .03 No change.

¹ Minor Rule Violation fines imposed under this provision may be issued by Exchange Floor Officials.

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Rule 22.13. Premium of Bids and Offers; Minimum Increments; Priority and Allocation

(a) No change.

(b) All bids or offers made for binary option contracts relating to an underlying broad-based index shall be governed by Rules 6.41, 6.42, 6.44, 6.45[, 6.45B] and 24.8, as applicable. The minimum price variation (“MPV”) shall be established on a class-by-class basis by the Exchange and shall not be less than \$0.01.

(c) No change.

(d) The rules of priority and order allocation procedures set forth in Rule 6.45[or 6.45B, as applicable, shall] apply to binary options.

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Rule 24.19. Multi-Class Broad-Based Index Option Spread Orders

(a) – (b) No change.

(c) Notwithstanding any other rules of the Exchange, a Multi-Class Spread Order, which is identified as such, must be represented at the primary trading station, subject to the following conditions:

(i) – (iii) No change.

(iv) The priority of bids or offers received from the primary trading station will be determined, with respect to each other, by the terms of [paragraphs (a) and (b) of]Rule 6.45(b)[for non-Hybrid classes or by paragraphs (a) - (d) of Rule 6.45A for Hybrid classes]. Bids or offers received promptly from the other trading crowd may participate equally with equal bids or offers from the primary trading station that were received

prior to the bids or offers from the other trading station. The meaning of promptly will be determined according to the size of the order and other relevant circumstances.

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Rule 29.14. Premium Bids and Offers; Minimum Increments; Priority and Allocation

(a) – (c) No change.

(d) The rules of priority and order allocation procedures set forth in Rule 6.45[A shall] apply to Credit Options.

Rule 29.14 supplements Rules 6.41, 6.42, 6.44 and 6.45[A].

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