



Regulatory Circular #RG02-30

Date: April 24, 2002

To: Members and Member Organizations

From: Index Market Development and Market Performance Committee and  
Modified Trading System (MTS) Appointments Committee

Re: Obligations of Screen Based Trading (SBT) Lead Market Makers (LMMs)  
and Designated Primary Market-Makers (DPMs)

Pursuant to CBOE Supplemental Exchange Rules applicable to CBOE *direct* (Exchange Rule 44.4), each SBT LMM/DPM shall fulfill all of the obligations of an SBT Market-Maker under the Rules, and shall, among other things, satisfy each of the following requirements, in respect of each of the securities appointed to the SBT LMM during such SBT LMMs rotation(s) as an LMM. These requirements apply to SBT DPMs for as long as the DPM acts in the capacity of an SBT DPM:

1. Assure that its disseminated market quotations are accurate;
2. Provide opening quotes for all series in appointed classes;
3. Trade in all securities appointed to the SBT LMM/DPM only in the capacity of an SBT LMM/DPM and not in any other capacity;
4. Provide continuous two-sided quotes for all series in the front two trading months and all series that are trading 2.5% in the money and 2.5% out of the money in the back months of the product.
5. Respond to at least 85% of requests for quotes.
6. Supervise all persons associated with the SBT LMM/DPM to assure compliance with the Rules.

Please feel free to contact Jonathan Flatow (10723) or Bill O'Keefe (10381) or Daniel Hustad at (312) 786-7715 if you have any questions.