



Regulatory Circular RG02-51

Date: July 3, 2002

To: Members and Member Organizations

From: EFPC

Re: Firm Quote Size for BD Orders

At its meeting on July 2, 2002, the Equity Floor Procedure Committee, under its authority as described in CBOE Rule 8.51, established that the firm quote requirement for BD orders shall be 10% of the displayed size for the series, with a minimum of 10 contracts if the order size is 10 contracts or greater. In the event that 10% of the displayed size results in a non-whole number, standard rounding will be used (i.e., 10.1 to 10.4 round down to 10, 10.5 to 10.9 round up to 11). The firm quote commitment will be the actual order size for orders of 10 contracts and under.

To simplify:

Orders from 1 – 10 are firm at the actual order size.

Orders from 11-104 are firm for 10.

Orders of 105 and higher are firm for 10% of the order size (standard rounding principles apply).

Examples:

Disseminated quote is \$3.00 – \$3.20, 70x195.

The crowd is obligated to sell 20 contracts at \$3.20 to a broker representing a BUY order on behalf of a BD (i.e., 19.5 rounded up to 20).

The crowd is obligated to buy 10 contracts at \$3.00 to a broker representing a SELL order on behalf of a BD (i.e., minimum of 10 contracts for orders from 11 to 104).

If you have any questions, please contact a member of the Equity Floor Procedure Committee.