



Regulatory Circular RG02-109

To: Designated Primary Market-Makers

From: MTS Committee

Re: Use of CBOE AutoQuote System as a Back-up

Date: December 6, 2002

The Exchange has recently amended Exchange Rule 8.85 (DPM Obligations) to expressly require that DPMs utilizing a proprietary autoquote system assure that the Exchange's AutoQuote system is maintained as a back-up at all times and ready for immediate use.

The Exchange has also amended Exchange Rule 17.50 (Imposition of Fines for Minor Rule Violations) to provide that violations of this requirement are subject to a fine and/or a referral to the Business Conduct Committee. As set forth in Rule 17.50(g)(10), a violation of a DPM's obligation to assure that the Exchange's AutoQuote system is maintained as a back-up at all times is subject to the following fine schedule:

<i>Number of Violations in any Rolling Twelve-Month Period</i>	<i>Fine Amount</i>
1 st Offense.....	\$100 to \$2,500 or Referral to Business Conduct Committee
2 nd - 3 rd Offense.....	\$100 to \$5,000 or Referral to Business Conduct Committee
Subsequent Offenses.....	Referral to Business Conduct Committee

Questions may be directed to Bill O'Keefe (10381), Chairman MTS Committee or Andrew Spiwak, Legal Division at 786-7483.