



Regulatory Circular RG03-44

DATE: June 26, 2003
TO: DPMs and Market-Makers
FROM: Regulatory Services Division
Legal Division
RE: Proper Endorsement of Linkage Orders

As discussed in previous regulatory circulars, the Linkage Plan requires that the non-autoex portion of Principal (P) and Principal Acting as Agent (PA) orders received through the linkage be executed within 15 seconds (or cancelled within 15 seconds provided that the order is executed up to the Firm Principal/Customer Quote Size)¹. *The SEC has advised the Exchange that linkage orders should not be endorsed unless all crowd members that are part of the trade are on the endorsement.* Thus, DPMs should not "partially" endorse a trade to accommodate the 15-second linkage order timer if a subsequent more comprehensive endorsement would be necessary to ensure that all appropriate crowd members participate in the trade. In the event a P or PA order is not filled within the prescribed 15 seconds, the Exchange will send a cancel report and fade the CBOE quote as required by the Linkage Plan. Please note that on Friday, June 27, 2003 the Exchange will complete the installation of an enhancement to PAR linkage functionality that will allow fill report transmission at time of trade and allow for proper subsequent endorsement without the 15-second time constraint.

If you have any questions, please contact Michael Felty, Market Regulation at (312) 786-7504 or Angelo Evangelou, Legal, at (312) 786-7464.

¹ Please refer to Regulatory Circular RG03-29 for a comprehensive explanation of linkage and linkage functionality.