



400 S. La Salle  
Chicago, IL 60605

## Regulatory Circular RG03-107

Date: November 20, 2003

To: Members, Member Firms and Member Organizations

From: The Equity Floor Procedure Committee

Re: Market Maker Order Handling From Mobile PAR and FBW in Hybrid Classes

This circular clarifies the current policies for floor brokers representing various types of market maker orders (including CBOE market makers "M"; non-CBOE market makers, "N"; and underlying security specialists, "Y") in Hybrid classes.

### **Electronic Trading With Hybrid Market Makers:**

Floor brokers representing M, N, or Y orders from a mobile PAR or FBW will be permitted to electronically trade with displayed market maker quotes from within the crowd but must observe the following procedures:

- 1) The broker must submit an order for 1 contract to obtain an electronic execution.
- 2) To trade the balance of the order electronically, the broker must then pro-actively disclose that he/she is representing a market maker and is about to electronically submit the balance of the order.
- 3) The broker may then submit the desired balance of the order to obtain an electronic execution.

### **Open Outcry Trading with Hybrid Market Makers:**

Floor brokers representing M, N, or Y orders may continue to trade those orders in open outcry by identifying the order as an M, N, or Y order prior to requesting a quote.

### **Trading With the Book:**

Floor brokers representing M, N, or Y orders from a mobile PAR or FBW may electronically trade with the book from in the crowd, but must announce the transaction to the crowd once the electronic execution completes.

### **Booking Non-marketable Orders:**

Floor brokers representing M, N, or Y orders from a mobile PAR or FBW may submit the order to "rest" in the book but must pro-actively disclose that they are booking a market maker order and must first announce the new price if improving the displayed quote (as is necessary when booking ANY order that affects the displayed quote).

Questions regarding these procedures should be directed to the Trading Floor Liaison Group at ext. 4068.