



Regulatory Circular RG04-71

To: Market Makers and DPMs

From: Legal Division

Date: June 14, 2004

Re: Legal-width Quotes in Open Outcry in Hybrid Classes

Effective immediately in Hybrid classes, quotes given in open outcry must conform to the legal-width requirements of Rule 8.7(b)(iv) and may not be \$5 wide. Electronic quotes may continue to be \$5 wide.

The current legal-width requirements are:

- \$0.25 Bid price is less than \$2
- \$0.40 Bid price is at least \$2 and less than or equal to \$5
- \$0.50 Bid price is above \$5 and less than or equal to \$10
- \$0.80 Bid price is above \$10 and less than or equal to \$20
- \$1.00 Bid price is above \$20

As a result, MMs (and DPMs) are now obligated to respond to all open outcry RFQs (whether from a floor broker or DPM representing an order as agent) with a two-sided, legal-width market for a minimum of ten contracts for public customers and one contract for BDs. See CBOE Rules 8.7(b)(iv) and 8.7(d)(i) and (ii).

If you have any questions regarding this circular, please contact Steve Youhn in the Legal Division at (312) 786-7416.