



400 S. La Salle
Chicago, IL 60605

Regulatory Circular RG04-93

Date: August 24, 2004

To: CBOE Members

From: Trading Operations

Re: Hybrid Order Routing Parameter Update

Beginning August 25, 2004, a change to the routing of Customer, Firm, and Non-Market Maker BD orders will be implemented in all Hybrid classes. With this change, limit orders one tick better than the displayed bid or offer, with a volume of 20 contracts or fewer, will be eligible to route directly to the book. Orders that would lock a market on another exchange will not book directly but will instead route to PAR. Orders with a volume of 21 to 99 contracts will still route according to previous parameters, being eligible to route directly to the book if they equal or are away from the market.

Example 1:

Crowd market is 1.00 – 1.20

Incoming order is received to Buy 20 (or less) for 1.05, or to Sell 20 (or less) at 1.15

The order is eligible to route directly to the Book.

Example 2:

Crowd market is 1.00 – 1.10

NBBO is 1.00 – 1.05

Incoming order is received to Buy 20 (or less) for 1.05.

The order will route to PAR (due to the fact that booking would lock the away exchange.)

Questions regarding this change may be directed to Anthony Montesano at (312) 786-7365 or Greg Burkhardt at (312) 786-7531.