



400 S. La Salle
Chicago, IL 60605

Regulatory Circular RG06-38

Date: April 20, 2006
To: Members, Member Firms, and Order Providers
From: Equity Options Procedure Committee
Re: Change to Automated Improvement Mechanism (AIM) Minimum Increment

This circular partially replaces Regulatory Circular RG06-29 regarding CBOE's Automated Improvement Mechanism (AIM). AIM, which is currently active in all equity classes and is described in Exchange Rule 6.74A, is an automated method for processing the facilitation and solicitation of orders. The buy and sell sides of the transaction are sent together and are exposed to a brief electronic auction. The auction must start at no worse than the NBBO for orders of 50 contracts or greater, or at least one auction price increment better than the NBBO for orders of 49 contracts or less. **The purpose of this circular is to announce that the Equity Options Procedure Committee has modified the AIM auction price increment to one cent (.01).** Thus, all AIM auctions will be conducted in one-cent increments and the initiation of an auction for an order of 49 contracts or less must start at least one cent better than the NBBO. This change to the AIM increment will become effective on Tuesday, April 25, 2006.

For more information on AIM, please see RG06-29 or Rule 6.74A. HYTS users who are interested in AIM order entry should contact Patty Schuler at (312) 786-7912. Vendors and firms wishing to enter AIM orders or respond to AIM auctions via their own proprietary systems should contact the CBOE's API Testing Group at (312) 786-7300. For any other questions on AIM functionality, please call Mike Trees (312) 786-8408 or Anthony Montesano (312) 786-7365.