



**To: Membership**  
**From: Legal Division**  
**Regulatory Services Division**  
**Trading Operations**  
**Date: July 13, 2006**  
**Re: Preferred Market-Maker Program**

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**Regulatory Circular RG06-071**

The Exchange has extended its Preferred Market Maker Program for directed orders on a pilot basis until June 2, 2007. Under this program, an order flow provider may designate *any* Exchange Market-Maker type (including DPMs, e-DPMs, Market-Makers, Remote Market-Makers, Lead Market-Makers etc.) in designated Hybrid classes as the “Preferred Market-Maker” for orders sent to the Exchange (use of the Preferred designation is optional).<sup>1</sup>

**Members that are interested in receiving directed orders as a Preferred Market-Maker must register with the Exchange by completing the attached form (also located in the Membership section of [www.cboe.org](http://www.cboe.org)). This form must also be completed by Member Firms to authorize nominees/individual acronyms to participate in the program and receive orders directed to the Firms’ group acronym. Completed forms may be submitted to the 4<sup>th</sup> Floor Help Desk.**

Member Organizations must provide written notice to the Exchange’s Help Desk to revoke this authorization. The authorization should always be revoked when an authorized nominee terminates from a Member Organization. Notification provided via email should be directed to [helpdesk@cboe.com](mailto:helpdesk@cboe.com). The Help Desk will remove terminated employees when it otherwise becomes aware of such terminations. In all cases, Member Organizations are responsible for ensuring that the Exchange is provided accurate information with respect to acronyms used for the receipt of directed orders. **The Exchange is not responsible for allocations provided to an authorized Member that has terminated from a Member Organization.**

To reactivate a Member that has been removed from the program due to termination or inactivation, an officer of the Member Organization may either send an email to the Help Desk ([helpdesk@cboe.com](mailto:helpdesk@cboe.com)) requesting the re-authorization or submit a new application form (attached) with an original signature. However, Member Organizations are required to submit the attached form (with an original signature) to authorize new Members or Members who have not previously been authorized by the Member Organization.

Questions regarding this circular can be directed to Steve Slawinski, Regulatory Services Division at (312) 786-7744 or Kerry Winters, Help Desk at (312) 786-7312.

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<sup>1</sup> See Information Circular 05-122 for technical information regarding transmission of Preferred orders.



Membership Department  
400 S. LaSalle St.  
Chicago, IL 60605  
312-786-7449 – Phone  
312-786-8140 – Fax  
www.cboe.org

**AUTHORIZATION FOR PREFERRED MARKET-MAKER DESIGNATION**  
**(Completed form (with original signature) must be submitted to the 4<sup>th</sup> Floor Help Desk for processing.)**

Please enable the following Individual Member(s) to receive orders designating a Preferred Market-Maker:

Name: _____	Acronym: _____
Name: _____	Acronym: _____
Name: _____	Acronym: _____
Name: _____	Acronym: _____
Name: _____	Acronym: _____

The Sole Proprietor Member or Member Firm has procedures in place to ensure that the Member will meet the eligibility requirements in Rule 8.13(b) while enabled to receive an order specifying a Preferred Market-Maker. Absent reasonable justification, a Market-Maker (including any Exchange Market-Maker type) who fails to meet the eligibility requirements will be subject to disciplinary action. The Member Firm may also be subject to disciplinary action if the CBOE finds a pattern or practice of activity in violation of the eligibility requirements set forth in Rule 8.13(b).

If the Sole Proprietor Member or Member Firm wishes to revoke this authorization for a Market-Maker to receive orders specifying a Preferred Market-Maker, written notice must be provided via e-mail to the CBOE Help Desk at [helpdesk@cboe.com](mailto:helpdesk@cboe.com).

Please note that Sole Proprietor Members or Member Firms may be acting in violation of CBOE Rule 4.1 and Rule 4.18 if they participate in inappropriate conversations prior to the submission and/or receipt of an order specifying a Preferred Market-Maker.

Member Firm Name if applicable): \_\_\_\_\_  
\_\_\_\_\_ Market-Maker    \_\_\_\_\_ DPM    \_\_\_\_\_ RMM    \_\_\_\_\_ eDPM

Authorized Signatory Name: \_\_\_\_\_  
(Authorized Officer/General Partner/LLC Manager Signatory of Member Organization (if applicable))

Signature: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Contact Phone Number: \_\_\_\_\_ Contact E-mail Address: \_\_\_\_\_