



Regulatory Circular RG06-82

To: Members and Member Firms
From: Index Option Procedure Committee
Date: August 2, 2006
Re: Spread Orders Involving IWM and EEM Options

The Index Option Procedure Committee has determined to expand the types of multi-class spread orders that are permitted under CBOE Rule 24.19 to include any combination of IWM options and EEM options.

The procedures to be followed in representing and filling an IWM-EEM option spread order in open outcry pursuant to Rule 24.19 are described in the rule, which is attached for reference. Any further questions concerning the above may be directed to the Trading Floor Liaisons at extension 4068.

Rule 24.19. Multi-Class Broad-Based Index Option Spread Orders

(a) (1) For purposes of this Rule 24.19 only, the term "Broad-Based Index Option" shall mean (i) options on the Mini-NDX Index (MNX), Nasdaq-100 Index (NDX), S&P 100 Index (OEX and XEO), iShares S&P 100 Index Fund (OEF), Nasdaq-100 Tracking Stock (QQQ), and S&P 500 Index (SPX); and (ii) any other broad-based index option or option on exchange-traded fund shares derived from a broad-based index that is determined by the appropriate Procedure Committee to create an appropriate hedge with any other Broad-Based Index Option under this Rule 24.19.

(2) The term "Multi-Class Broad-Based Index Option Spread Order (referred to herein as " Multi-Class Spread Order")" is an order to buy a stated number of contracts of a Broad-Based Index Option and to sell an equal number, or an equivalent number, of contracts of a different Broad-Based Index Option. This Rule shall apply only to Multi-Class Spread Orders composed of (i) any combination of MNX, NDX, or QQQ; (ii) any combinations of OEF, OEX, or SPX; and (iii) any other combination of related Broad-Based Index Options as determined by the appropriate Procedure Committee.

(3) The "primary trading station" is the trading station where a particular Multi-Class Spread Order is first represented.

(b) Notwithstanding any other rules of the Exchange, a Multi-Class Spread Order, which is identified as such, may be represented at the trading station of either Broad-Based Index Option involved, subject to the following conditions:

(i) Immediately after the order is announced at the primary trading station, or concurrent with the announcement, the member initiating the order must contact an OBO or the DPM, as applicable, at the other trading station to have a notice of such order disseminated to the other trading crowd in a manner approved by the relevant Procedure Committee.

(ii) The notice must specify the terms of the order, a contact person and a telephone number where the member representing the order may be reached at the primary trading station.

(iii) After satisfying the conditions under sub-paragraphs (i) and (ii) above, when a member holding a Multi-Class Spread Order and bidding or offering in a multiple of the minimum increment on the basis of a total credit or debit for the order has determined that the order may not be executed by a combination of transactions with the bids and offers displayed in either of the applicable customer limit order book or by the displayed quotes of the crowd, then the order may be executed as a spread at the best net debit or credit, whether from the primary trading station or from the other trading crowd, so long as (A) no leg of the order would trade at a price outside the currently displayed bids or offers or bids or offers in the customer limit order books and (B) at least one leg of the order would trade at a price that is better than the corresponding bid or offer in one of the books.

(iv) The priority of bids or offers received from the primary trading station will be determined, with respect to each other, by the terms of paragraphs (a) and (b) of Rule 6.45 for non-Hybrid classes or by paragraphs (a) - (d) of Rule 6.45A for Hybrid classes. Bids or offers received promptly from the other trading crowd may participate equally with equal bids or offers from the primary trading station that were received prior to the bids or offers from the other trading station. The meaning of promptly will be determined according to the size of the order and other relevant circumstances.