



Date: March 5, 2007

To: Members and Member Firms

From: Trading Operations

Re: CBOE Stock Exchange Launch March 5, 2007

The CBOE Stock Exchange (CBSX) will launch Monday, March 5, 2007. CBSX is a fully electronic trading platform with a physical trading post (Post 10) for price discovery negotiations with CBSX DPMs. CBSX is Reg-NMS compliant and offers automatic sweep functionality to ensure NBBO executions. Additionally, since CBSX is based on the fully electronic CBOEdirect platform, CBSX is always a "fast", protected market under Reg-NMS, thus resting orders will always be fully accessible. Incoming orders will receive full electronic execution and will never be handled manually. CBSX trades NYSE, AMEX and Nasdaq-listed securities and is connected to DTCC for clearing.

For Monday, March 5th, the following stocks will begin trading at Post 10:

BUD	ANHEUSER-BUSCH COS INC.
ELN	ELAN CORP PLC -SPONS ADR
GPS	GAP INC/THE
GSS	GOLDEN STAR RESOURCES LTD
IJR	ISHARES S&P SMALLCAP 600
IVE	ISHARES S&P 500 VALUE INDEX
KFT	KRAFT FOODS INC-A
KG	KING PHARMACEUTICALS INC
OEF	ISHARES S&P 100 INDEX FUND
SPY	SPDR TRUST SERIES 1
TGT	TARGET CORP
VC	VISTEON CORP

Trading Hours: CBSX equity stocks will trade from **8:15 am** to 3:00 pm central time; Exchange Traded Funds (ETFs) will trade until 3:15 pm.

Access: Order routing access to CBSX is provided via the FIX and CMI interfaces. Additionally, the Floor Broker Workstation (FBW) and the HyTS terminals will provide access to CBSX. There will be no other CBSX-supplied trader terminals. Compass routing for stock will not be supported.

CBSX order types:

- GTC orders are not allowed in CBSX – **DAY orders ONLY**
- Stop and Stop Limit orders are not supported at this time
- Paper orders are not allowed in CBSX
- Odd-lot orders will trade with "I" orders and quotes

Openings: CBSX calculates an opening price based on where the most volume will trade. CBSX stocks will auto-open with a valid quote or buy and sell "I" orders. DPMs must maintain a 2-sided market via quotes or "I" orders.

The following types of orders will reject pre-open: MKT orders, odd-lot orders and mixed-lot orders.

Matching Algorithm: CBSX uses a strict price-time algorithm. There is no specific customer or agency priority and no participation rights for DPMs or other market participants. Users responding to orders that are flashed for NBBO step-up will participate in the order in which they are received. The flash period duration is 100 ms.

Short Sale Rules / Reg SHO: Orders to sell must be marked “long”, “short” or “short exempt”, as appropriate. An order in an NYSE or AMEX listed stock, marked “short”, must be executed on an up-tick or zero-plus tick. “Short” limit and market orders resident in the book will automatically display on the lowest possible up-tick. Some securities are exempted from the tick test. CBSX will accept orders marked “sell-short exempt”; they will be treated as “long-sell” orders.

Reg NMS: Effective March 5th, 2007 the trading phase of Regulation NMS will begin. ISO orders received on the CBSX will immediately, and without interference, execute against the best-priced orders/quotes resident in the matching engine.

Order Handling: DAY ORDERS ONLY

Marketable limit or market orders will execute immediately up to the disseminated size if CBSX is part of the NBBO. Any remainder will be “flashed” to API users and then Intermarket Sweep Orders (ISO) will be automatically routed to away exchange(s) showing prices equal to or better than the order’s price. If the away size cannot fulfill the order, any remainder will be executed at CBSX, subject to the order’s limit price. Note that Reg NMS rules require that the top of away markets be swept and that any remainder can trade at CBSX. Any remaining quantity that is no longer marketable will be booked.

Intermarket Sweep Order (ISO): ISO orders are immediately executed up to the LMT price of the order, regardless of the NBBO. Any remainder will be immediately cancelled.

Reserve Order: Reserve orders allow a user to display only a certain portion of the order in the disseminated quote. The user indicates the display amount in the order and only that amount is displayed. The remainder of the reserve order will trade against incoming orders, however, it will not retain time priority over other orders that are displayed. The display quantity will be replenished once X shares have traded.

Cross-Only Order: Cross-only orders are used when two parties are planning to cross or meet between the current market. The two orders will be executed against one another as long as they are between the CBSX market and at or better than the NBBO. Both orders must be for the same price and size. If the orders cannot be executed according to the rules, both orders will be cancelled immediately. If the sell order is marked as short and the price violates the short sale rules in place, both orders will be cancelled. Cross orders can be sent paired or separately. All cross orders must be entered simultaneously, or they will cancel.

Mid-Market Cross Order: A mid-point cross order is a type of cross-only order where the order price is MKT. The system will automatically cross the two orders at the mid-point of the NBBO. Mid-point cross orders can be sent paired or separately.

Cross and Sweep Order: These are cross orders that trade with each other outside the current best market. Before trading against each other, they will sweep the CBSX book and the top of any away markets that are better than the crossing price. The price on the two orders must be the same, but it is not required (but is recommended) that the sizes be the same. After both orders have traded as much as possible any remainders will be cancelled. Cross and sweep orders can be sent paired or separately.

CBSX Floor Post: Open outcry negotiations may take place at the DPM’s trading station. Negotiations will result in cross orders (described above) being submitted to CBOEdirect. CBOEdirect will process them as described above. Open outcry negotiations must be electronically processed in CBSX for the trade to occur. A valid trade will not exist until all portions of the trade have been submitted to CBSX. *While physically present at the CBSX Post*, non-DPM members effecting *proprietary* trades, may only do so by submitting cross orders or IOC orders and may not rest orders.

Make / Take Market Structure: Market centers are implementing a fee structure that will charge orders for taking liquidity, and provide rebates to orders that provide liquidity. CBSX order senders will be charged for both taking liquidity and for linking to away markets. CBSX order senders will be credited a rebate, for executed resting limit orders that added liquidity and for crosses.

Book Depth: Streaming book depth will be available through the CBOEdirect APIs, available to any subscriber.

For further information, please reference the CBSX rules in Chapter 50 through 55 of the CBOE Rule Book.

Contact Information:

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CBSX Rollout Schedule 3/05/07 through 3/15/07:

DATE	Undly	Name	DPM
3/5/2007	BUD	ANHEUSER-BUSCH COS INC.	SIG
	ELN	ELAN CORP PLC -SPONS ADR	Equitec
	GPS	GAP INC/THE	VDM
	GSS	GOLDEN STAR RESOURCES LTD	LaBranche
	IJR	ISHARES S&P SMALLCAP 600	THI
	IVE	ISHARES S&P 500 VALUE INDEX	THI
	KFT	KRAFT FOODS INC-A	SIG
	KG	KING PHARMACEUTICALS INC	Equitec
	OEF	ISHARES S&P 100 INDEX FUND	Wolve
	SPY	SPDR TRUST SERIES 1	Wolve
	TGT	TARGET CORP	VDM
	VC	VISTEON CORP	LaBranche
3/8/2007	A	AGILENT TECHNOLOGIES INC	SIG
	AES	AES CORP	SIG
	BAX	BAXTER INTERNATIONAL INC	Equitec
	BBY	BEST BUY CO INC	VDM
	CC	CIRCUIT CITY STORES INC	VDM
	CDE	COEUR D'ALENE MINES CORP	LaBranche
	CHS	CHICO'S FAS INC	LaBranche
	CNC	CENTENE CORP	Equitec
	CNO	CONSECO INC	LaBranche
	CSX	CSX CORP	SIG
	DTV	DIRECTV GROUP INC/THE	LaBranche
	EMC	EMC CORP/MASS FEDERATED DEPARTMENT	LaBranche
	FD	STORES	VDM
	GSK	GLAXOSMITHKLINE PLC-ADR	Equitec
	IWB	ISHARES RUSSELL 1000 INDEX ISHARES RUSSELL MIDCAP	THI
	IWR	INDEX	THI
	IWW	ISHARES RUSSELL 3000 VALUE	THI
	IYY	ISHARES DJ US TOTAL MARKET	THI
	JCP	J.C. PENNEY CO INC	VDM
	MIR	MIRANT CORP	SIG
	MYL	MYLAN LABORATORIES INC	Equitec
	NWS	NEWS CORP-CLASS B	SIG
	OMX	OFFICEMAX INC	VDM
	RMD	RESMED INC	Equitec

DATE	Undly	Name	DPM
3/13/2005	ABT	ABBOTT LABORATORIES	VDM
	AMT	AMERICAN TOWER CORP-CL A	Equitec
	BJ	BJ'S WHOLESALE CLUB INC	VDM
	BMJ	BRISTOL-MYERS SQUIBB CO	VDM
	CAH	CARDINAL HEALTH INC	Equitec
	CBB	CINCINNATI BELL INC	Equitec
	FNM	FANNIE MAE	SIG
	HNZ	HJ HEINZ CO	SIG
	HUM	HUMANA INC	Equitec
		INTERPUBLIC GROUP OF COS	
	IPG	INC	LaBranche
	JNJ	JOHNSON & JOHNSON	VDM
	KRY	CRYSTALLEX INTL CORP	LaBranche
	LSI	LSI LOGIC CORP	LaBranche
	LUV	SOUTHWEST AIRLINES CO	LaBranche
	MMM	3M CO	SIG
	MOT	MOTOROLA INC	LaBranche
	RDC	ROWAN COMPANIES INC	SIG
	SYK	STRYKER CORP	Equitec
	UNH	UNITEDHEALTH GROUP INC	VDM
	UNM	UNUMPROVIDENT CORP	SIG
3/15/2007	AET	AETNA INC	VDM
	CNE	CANETIC RESOURCES TRUST	Equitec
	CTB	COOPER TIRE & RUBBER	SIG
	CTX	CENTEX CORP	SIG
	EWG	ISHARES MSCI GERMANY INDEX	Equitec
	KWK	QUICKSILVER RESOURCES INC	Equitec
	LEN	LENNAR CORP-CL A	SIG
	MDT	MEDTRONIC INC	VDM
	MU	MICRON TECHNOLOGY INC	LaBranche
	OIH	OIL SERVICE HOLDRS TRUST	VDM
	PSS	PAYLESS SHOESOURCE INC	SIG
	RTK	RENTECH INC	LaBranche
	SLE	SARA LEE CORP	LaBranche
	STJ	ST JUDE MEDICAL INC	VDM
	SUN	SUNOCO INC	Equitec
	TPX	TEMPUR-PEDIC INTERNATIONAL	LaBranche
	TRN	TRINITY INDUSTRIES INC	SIG
	VOD	VODAFONE GROUP PLC-SP ADR	Equitec
	WDC	WESTERN DIGITAL CORP	LaBranche
	XOM	EXXON MOBIL CORP	VDM