



1

Regulatory Circular RG07-42

Date: April 5, 2007

To: Members, Member Firms and Clearing Firms

From: Department of Market Regulation

Re: CBSX Order Origin Code Requirements

This circular is being issued to inform the membership of the Chicago Board Options Exchange's (CBOE) rules relating to the account origin codes when accepting orders either electronically, via telephone or in person for the CBOE Stock Exchange (CBSX). Since various rules of trading procedure distinguish between orders of differing origin, the correct code must be recorded on ALL orders at the time of entry to insure proper execution.

CBSX Origin Codes

- "B"** for a transaction belonging to a non-member or non-member organization that is not an individual as defined by Section 11(a)(1)(E) of the Securities Exchange Act of 1934 (does not apply to program trades or short exempt).
- "C"** for a transaction belonging to an individual as defined by Section 11(a)(1)(E) of the Securities Exchange Act of 1934, which is any transaction for the account of a natural person, the estate of a natural person, or a trust created by a natural person for himself or another natural person (applies to orders that are not program trades or short exempt).
- "E"** for a transaction order belonging to a member or member organization trading for its own account (applies to orders that are not program trades or short exempt).
- "W"** for an order where a member or member organization is trading as agent for another member's account (applies to orders that are not program trades or short exempt).
- "L"** for an order belonging to a member or member organization trading for its own account that is a program trade (non-index arbitrage).
- "D"** for an order belonging to a member or member organization trading for its own account that is a program trade (index arbitrage).
- "J"** for an order belonging to an individual as defined by Section 11(a)(1)(E) that is a program trade (index arbitrage).
- "K"** for an order belonging to an individual as defined by Section 11(a)(1)(E) that is a program trade (non-index arbitrage).
- "Y"** for an order belonging to a non-member or non-member organization that is not an individual as defined by Section 11(a)(1)(E) that is a program trade (non-index arbitrage).

- “U”** for an order belonging to a non-member or non-member organization that is not an individual as defined by Section 11(a)(1)(E) that is a program trade (index arbitrage).
- “F”** for an order where a member or member organization is trading as agent for another member’s competing market maker accounts that is a program trade (index arbitrage).
- “N”** for an order where a member or member organization is trading as agent for another member’s competing market maker accounts that is a program trade (non-index arbitrage).
- “H”** for a trade by a member on the floor which results in a position being established in the member’s error account, or which involves the liquidation of a position in the member’s error account.
- “I” or “M”** for an order for a member or member organization trading for its own competing market-maker account.
- “T”** for an order where a member or member organization is trading as agent for another member’s competing market-maker account.
- “R”** for an order for a member or member organization trading as agent for the account of a non-member competing market maker.

*See attached chart for a quick reference guide for properly marking orders.

Please be advised that failure to obtain and record the correct account origin at the time the order is received may constitute a violation of 6.24(a) and 6.51. Clearing members and member organizations should assure that persons receiving orders are instructed to obtain and record the appropriate origin code information.

If you have any questions you may contact **Steve Slawinski (312)786-7744** or **Ellen Miller (312)786-7295**.

Order Origin Codes for CBSX

		Order Type						
Account Type		Program Trade— Index Arbitrage	Program Trade— Non-Index Arbitrage	Competing Market Maker	Short Exempt ¹	Competing Market Maker— Short Exempt	Error	All Other Orders
	Member/member organization for its own account	D	L	I or M ²	E	I or M	H	E
	Member/member organization for another member's account	F	N	T	W	T	N/A	W
	Individual as defined by Section 11(a)(1)(E) of the Securities Exchange Act of 1934	J	K	N/A	C	N/A	N/A	C
	Non-member/non-member organization that is not an individual as defined by Section 11(a)(1)(E) of the Securities Exchange Act of 1934	U	Y	R	B	R	N/A	B

¹ For CBSX, the same account type code is used for short-exempt orders as is used for “all other orders”. Short exempt orders must be separately marked as such when submitted to the Exchange.

² Origin I is required trade against odd-lots. Origin M cannot trade against odd-lots.