



Regulatory Circular RG07-64

To: Members

From: Legal Division

Date: June 7, 2007

Re: SEC Approval of Rule Filing relating to Market-Maker and RMM Appointments

The SEC has approved CBOE rule filing SR-CBOE-2007-27 that amends CBOE Rule 8.3A to adopt an interpretation which provides a Market-Maker's or RMM's appointment will be terminated if the Market-Maker or RMM has not submitted any electronic quotations in an option class during the preceding 30 days (measured on a rolling basis). The interpretation is applicable only in those option classes trading on the Hybrid Trading System or Hybrid 2.0 Platform in which the class quoting limit (CQL) for the option class is full and there is a waiting list of member(s) requesting the ability to quote electronically in the option class. CBOE will notify the Market-Maker or RMM prior to terminating its appointment.

A copy of the rule filing and the SEC's approval order is available on CBOE's website at www.cboe.org/Legal. For questions relating to appointments and CQLs, please contact Carolyn Rutan at (312) 786-7835 or Jennifer Gillund at (312) 786-7771. For questions relating to the rule filing, please contact Patrick Sexton (312) 786-7467.

Rule 8.3A, as amended, states:

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Rule 8.3A – Maximum Number of Market Participants Quoting Electronically per Product

Rule 8.3A. (a) – (c) No Change.

...Interpretations and Policies:

.01 - .03 No Change.

.04 The following Interpretation and Policy only applies to those option classes traded on the Hybrid Trading System or the Hybrid 2.0 Platform in which the CQL for the option class is full and there is a waiting list of member(s) requesting the ability to quote electronically in the option class. In the event a Market-Maker or RMM, who holds an appointment in an option class traded on the Hybrid Trading System or the Hybrid 2.0 Platform, has not submitted any electronic quotations in that option class during the preceding 30 calendar days, then the Market-Maker or RMM's appointment in that option class will be terminated effective immediately. The Market-Maker or RMM can subsequently request an appointment in the option class. If there is a wait-list of members requesting the ability to quote electronically, then Market-Maker or RMM will be placed on the wait-list for the option class. The Exchange will notify the Market-Maker or RMM prior to terminating its appointment, and the Exchange can make exceptions to this Interpretation and Policy in unusual circumstances.