CBOE
CHICAGO BOARD OPTIONS EXCHANGE

Regulatory Circular RG07-74

Date: July 19, 2007
To: Members
From: Index Options Procedure Committee
Re: OEX Trading on Hybrid 3.0
MVR Update on Hybrid 3.0

On Tuesday, July 24, 2007, OEX, the S&P 100 Index, will be converted to the Index Hybrid trading platform (Hybrid 3.0).

Hybrid 3.0 parameters in the OEX will differ from standard Hybrid in the following ways:
- Streaming quotes are allowed from the LMM only.
- Manual quoting from crowd members is allowed via PAR and Quote Reporters.
- Intra-day, only Customer orders may rest in the book.
- Customer, Firm, Broker-Dealer, and In-Crowd market participant orders may trade with the customer book intra-day. IOC contingency is required for all non-Customer orders attempting to trade electronically with the book.
- Customer, Firm, Broker-Dealer, CBOE Market-Maker, away Market-Maker and Specialist orders are bookable prior to the open to participate in rotation. OPG contingency is required on all non-customer orders attempting to participate in the rotation. Any unfilled balance on OPG orders will be canceled at the completion of opening rotation.
- The Quote Trigger (joining period) for Book trades will be one second, with trade allocation among multiple in-crowd participants via CUMA.

Complex Orders
- Complex Order Book (COB) and Complex Order Auction (COA) will be available in $.05 increments.
- Only Customer orders may rest in COB.

Summary of order types for in-crowd Market-Makers
- To participate in rotation, use orders with origin M and contingency OPG.
- To trade resting customer simple book orders, use orders with origin I and contingency IOC.
- To trade resting customer COB orders, use orders with origin M and contingency IOC.
- To respond to COA auctions, use orders with origin M and contingency type AUCTION RESPONSE.

MVR update on Hybrid 3.0:

- Class MVR is set to a $.01 increment for COB and COA. (This supersedes Regulatory Circular RG07-68 which stated MVR was set to $.05 increments.)

Members who use third party auto-quote systems should contact their vendor regarding the Hybrid 3.0 functionality. General questions regarding this matter may be directed to Anthony Montesano at x7365, or the Help Desk at 1-866-728-2263.