



Market Operations
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Regulatory Circular RG99- 170

Date: August 23, 1999

To: CBOE Members and Member Firms

From: Equity Floor Procedure Committee

RE: **RAES Variable Market Maker Volume - DLQ, F, IBM, JNJ, KO**

Effective today, August 23, 1999, the SEC has approved usage of the RAES Variable Market Maker Volume enhancements in the following option classes:

Dell - DLQ, F, IBM, JNJ, and KO.

These enhancements will allow market makers to individually specify a maximum quantity, per class, per turn on the "RAES Wheel". Equity Floor Procedure Committee authorizes each equity market maker to selectively choose their own RAES participation level by changing their login volume by class. THIS CHANGE WILL NOT AFFECT THE SIZE OF CUSTOMER ORDERS WHICH ARE ELIGIBLE FOR RAES. CURRENTLY THE ORDER MAXIMUM IS SET AT **50** CONTRACTS FOR THESE OPTIONS.

RAES eligible orders can be assigned to multiple market makers:

If a RAES order quantity exceeds a market maker's maximum volume, the market maker will only be assigned the quantity equal to his or her limit. The balance of the order will continue to be assigned to the next market maker on the RAES Wheel up to that market maker's limit and so on to as many market makers as needed to completely fill the customer RAES order. It is still possible for a market maker to be assigned a lesser quantity on any given turn, depending on the size of the customer order.

Market Maker Instructions:

The new market maker volume parameter that has been added to the RAES Login screen will allow market makers the ability to change their maximum quantity a market maker can be assigned by RAES each time his or her acronym comes up on the wheel. **The current minimum that can be set for these option classes is 20 contracts, based on a system default. The current maximum that can be set for these specific options is 50 contracts.**

Changing the Volume Parameter:

On the RAES Public Menu, enter acronym & password and press PF3/15 to display the profile of classes. Tab to the volume field after the appropriate class. Overtyping the existing volume with the new volume, and press PF3/15 to complete the login.

Changes must be made prior to login. Changes to the new quantity field CANNOT be made for classes which are already logged in. If a change is desired for a logged in class, the market maker must first log out of that class, update the volume, then log back in.

ORS Order Inquiry (IQOD):

The ORS IQOD function will display a separate FR (Fill Report) activity message for each market maker assigned to an order executed by RAES. A new "RAES ID" will also be displayed as part of each activity. This ID will be used mainly by the RAES supervisors when researching trades.

For questions relating to RAES Login, please contact the RAES Supervisors at x-4340.

For RAES questions regarding these functional changes, please contact Anthony Montesano at 312-786-7365, Tim Watkins at 312-786-7172, or the Help Desk at 786-7100.