



Market Operations
LaSalle at Van Buren
Chicago, IL 60605
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Date: September 3, 1999
Regulatory Circular RG99-176

To: CBOE Members and Member Firms

From: Equity Floor Procedure Committee

Re: **“D” Book Parameters, RAES Classes to 50 Up, NBBO 2 Tick Step-Up**

The Equity Floor Procedure Committee has approved the following changes to the Order Routing System and RAES on **September 2, 1999**:

1. Book Routing Parameters may be set by class to “D” parameters. This allows electronically routed orders to BOOK AT THE BID OR OFFER. A Buy order will book at the bid and a Sell order will book at the offer. Each trading crowd may implement EFPC’s approval to go to D parameters in some or all classes by calling the Help Desk at (312) 786-7100.
2. RAES order size may be increased voluntarily up to 50 contracts for any option class, based on the crowd’s request. To implement EFPC’s approval to increase the maximum order size, trading crowds must first notify Ed Tilly, Chairman of EFPC, and then the Help Desk. The RAES order size limit specifies the maximum number of contracts eligible for execution on any customer order. Please note that with the SEC approval yesterday of Variable Market Maker Volume on RAES (RG99-175), RAES participants can individually restrict their own participation in any RAES class by entering a lesser contract amount upon log-in.
3. The RAES automatic Step-Up to the National Best Bid-Offer (NBBO) has been changed to a TWO-TICK Step-Up, **effective today, Friday, September 3, 1999**. This will allow automatic execution on RAES when the NBBO at a competing exchange is two ticks better than the CBOE quote. Book Priority will be maintained by routing the RAES-touching-Book orders to PAR.

For questions relating to RAES Log-in, please contact the RAES Supervisors at x-4340. For RAES questions regarding these functional changes, please contact Tim Watkins at (312) 786-7172, Roger Mulcahy at (312) 786-7280, or the Help Desk at (312) 786-7100.