



400 S. La Salle
Chicago, IL 60605

Regulatory Circular RG02-56

Date: July 15, 2002

To: Members and Member Organizations

From: CBOE Trading Operations

Re: Self-Serve Quote Reporting

To ensure that market makers have the ability to represent their own markets, CBOE has provided Quote Reporting terminals in trading crowds to enable crowd members to directly input (and cancel) their own quotes for dissemination (“manual quotes”). TNT/ILX PCs have been provided on kiosks and at post-mounted locations in all trading crowds. Members are reminded, for firm quote purposes, that they will be deemed the responsible broker or dealer for each manual quote they cause to be disseminated until their manual quote is no longer the disseminated quote. This means that market makers must provide firm quote treatment to orders received against their manual quotes.

Manual quotes must be for a minimum of five contracts. As detailed in Rule 6.8 and 6.43, and IC02-39, otherwise RAES-eligible orders received while a manual quote is disseminated will not auto-ex and instead will route to PAR, where DPMs shall use their best efforts to attempt to ensure that the member(s) whose quote is disseminated receives an allocation of the incoming order, for up to the disseminated size (on a FIFO basis if multiple manual quotes). Proposed rule 6.8(d)(v) will require members entering manual quotes to inform the trading crowd and the DPM that the quote has been input. Manual quotes that do not improve the CBOE BBO may be overridden (and cancelled) by Autoquote.

Examples: For all examples, assume Autoquote market is \$1.00 – 1.20, 100x100.

1. Market maker A (“MM A”) inputs a manual \$1.05 bid for 20. Incoming RAES-eligible order for 50 contracts will not auto-ex and instead will route to PAR, where the DPM will use his best efforts to attempt to ensure that MM A receives an allocation of up to 20 contracts.
2. MM A inputs a manual quote for \$1.00, which is disseminated. Thereafter, Autoquote is resent with a \$1.00 bid. Incoming RAES order will automatically execute in RAES. MM A is not entitled to an allocation of the order (aside from the RAES wheel). If, however, an incoming RAES order arrived PRIOR to Autoquote being resent at \$1.00, the incoming RAES order would be rerouted to PAR where it would be allocated in open outcry. The manual quote at \$1.00 does NOT have priority as Autoquote was at \$1.00 first.
3. MM A inputs a manual quote for \$1.05. MM B subsequently inputs a manual quote for \$1.05. RAES-eligible order will route to PAR. DPM will use best efforts to allocate the order first to MM A and next to MM B.

Please see the reverse side for instructions on entering manual quotes from TNT crowd terminals. Should there be a need for additional assistance, please contact Gail Flagler at (x7314), Anthony Montesano (x7365) or Greg Burkhardt (x7531).

Entering a manual quote

1. Press F1 and type the class you wish to quote. Press Enter.
2. Press F6 to bring up the quote template.
3. Enter the line letter of the series that you wish to change the quote for, press TAB.
4. The cursor will be in the Bid field, if entering a new BID, type in the bid side of the quote, else TAB through the BID field to the ASK field, type in the ask side of quote.
5. Tab to the appropriate size field for the side of the quote that was entered.
6. Type in the size associated with your quote. This will be the size that you are firm for your quote.
7. Press Enter to disseminate the quote. The manual quote will display on the TNT with the manual quote indicator of '%’.

Removing a manual quote for Auto-quoted series

1. Press F1 and type the class you wish to quote. Press Enter.
2. Press F6 to bring up the quote template.
3. Enter the line letter of the series that you wish to return to auto-quote, press TAB.
4. The cursor will be in the Bid field, type the letter 'Z' in the BID field, TAB to the ASK field, type the letter 'Z' in the ASK field. (Both BID and ASK will return to the current autoquote values.)
5. Press Enter to disseminate the quote. The quote will display on the TNT with the autoquote indicator of '*’.
Sizes will change to the autoquote sizes.