



**Regulatory Circular RG04-81**

**To: Membership**

**From: Equity Options Procedure Committee  
Index Floor Procedure Committee**

**Date: July 14, 2004**

**Re: Changes to Quote Lock in Hybrid Classes**

The SEC has granted CBOE relief from the Quote Rule with respect to the operation of CBOE's Quote Lock mechanism. Effective Monday July 19, 2004, the Quote Lock timer will be 1-second. When a Quote Lock occurs, the Hybrid System will generate a notification to the involved Market-Makers indicating that their quotes are locked and if they remain locked after one second, the quotes will execute against each other (up to the size of the smaller of the two quotes).

Market-Makers continue to be obligated to execute any auto-ex eligible order in accordance with applicable CBOE rules while their quotes are locked.<sup>1</sup> If the quotes are "unlocked" during the 1-second period, the Market-Makers will not be obligated to trade one contract in open outcry with each other.

If you have any questions regarding this circular, please contact Anthony Montesano, Vice President in Trading Operations, at (312) 786-7365 or Angelo Evangelou, Senior Management Attorney, at (312) 786-7464.

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<sup>1</sup> See Regulatory Circular RG04-80 regarding the automatic execution of Market-Maker orders.