



400 S. La Salle
Chicago, IL 60605

Regulatory Circular RG09-81

Date: August 17, 2009
To: Members
From: Trading Operations
Re: CBOE *direct* Version 8.0 System Modifications

The CBOE is very pleased to announce the availability of the following system modifications. Questions may be directed to Anthony Montesano at (312) 786-7365/montesan@cboe.com or the Help Desk at (866) 728-2263/helpdesk@cboe.com.

Enable AIM and COA for Stock/Option Ratio Orders: Stock/option orders of various ratios, including delta neutrals, conversions, reversals, etc., will be eligible for AIM and COA. Previously, only orders with a ratio of 1 option: 100 shares were eligible. Details are as follows:

- The execution price on the SMALLEST option leg must always improve the CBOE BBO by at least \$.01.
- The execution price on the stock leg must be no worse than the NBBO when CBSX is off the NBBO and must improve the NBBO by at least \$.01 when CBSX is on the NBBO.
- Orders with one option leg and a ratio of greater than 8 options: 100 shares will not be eligible for AIM or COA but will be eligible to route to PAR or the booth.
- Orders with multiple option legs where the ratio of the largest to smallest option leg is greater than 3:1 will not be eligible for AIM or COA but will be eligible to route to PAR or the booth.

Restrict Complex Option Orders Greater Than 3:1: Complex option orders will not be eligible for processing within the trade engine (i.e. COB, COA or AIM) if the ratio of the largest to smallest option leg is greater than 3:1. For example, an order to buy 300 series A and sell 100 series B will be eligible, but an order to buy 301 series A and sell 100 series B will not be eligible. Orders that are ineligible to be processed by the trade engine will route to PAR or the booth. AIM attempts will be cancelled.

Require IOC on Complex M/N-Orders: After the completion of opening rotation, complex M/N-orders will require an IOC contingency to be eligible to interact with the COB. Complex M/N-orders entered after opening rotation without IOC will route to PAR or the booth. Note that IOC is not supported on I-orders. Thus, those using I-orders must take appropriate steps to manually cancel them as required. This change applies to all Hybrid classes, including XSP (updates RG07-121 and RG09-45). Further, in SPX, the IOC requirement will also apply to F (Firm proprietary) and B (Broker/dealer) orders, in addition to M/N-orders. Note that this change will be effective beginning August 25, 2009.

Reject Complex SPX/OEX/XEO Orders with Penny Limits: CBOE rules require SPX, OEX and XEO complex orders to trade in nickel increments. Accordingly, in SPX, OEX and XEO only, complex orders entered in penny increments will be rejected.

Designate PAR by Correspondent: Routing parameters may now be configured to route orders not otherwise eligible for auto-ex or booking to a specific PAR associated with a combination of executing firm, correspondent (FIX tag 109) and class. Previously, the PAR destination was determined only by a combination of executing firm and class. Parameter entries must be coordinated by the order entry firm with the CBOE Help Desk.