

Regulatory Circular RG-95-15

Date: February 15, 1995
To: Members, Member Firms and Clearing Firms
From: Regulatory Services Division
Re: Market Maker Phone Order Tickets

In accordance with CBOE Rule 6.51 (Reporting Duties), the Exchange requires all member firms to submit the white order ticket copies of market maker phone orders to the Trade Match Window.

During each trading day, member firms which accept market maker phone orders, whether these orders originate from on or off of the Exchange trading floor, shall retain the white ticket copies of such orders. At the end of each trading day, the white ticket copies must be submitted promptly to the Trade Match Window located on the first floor of the building.

Members and member firms are reminded of CBOE Rule 8.1 and Interpretation .03 of Rule 8.7 which states that a member may not initiate an order from off the trading floor which establishes or increases a position in a market maker account, unless the member effects at least 80% of his transactions in person, and not through the use of orders, during that same calendar quarter. In addition, any market maker order initiated from off-floor must be for the purpose of hedging, reducing risk of, rebalancing or liquidating open positions. Any order initiated by a market maker while he is on the trading floor must be personally initialled by the initiating market maker. "Initiated" is defined as the ultimate decision to enter a purchase or sale order or entering into an in-person transaction. While on the trading floor, the initiating market maker must have a copy of such order in his possession at all times such order is active.

Pursuant to Exchange Rule 6.24(a), the Exchange requires any person receiving an off-floor initiated order from a market maker over the telephone to mark the order as having been received by phone by writing his or her initials and a "P" on the front of the order as well as marking the order open or close.

This Regulatory Circular supplants the Exchange Circular issued to the Membership on June 2, 1988. Questions concerning this notice should be directed to Patricia Sizemore (312) 786-7752 or Steve Slawinski (312) 786-7744.