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Information Circular IC03-
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Date: August 25, 2003
To: CBOE Members
From: Anthony Montesano
Re: Individual One-sided Quotes From In-Crowd Market Makers in Hybrid Classes

Since its inception, the Hybrid system has allowed In-Crowd Market-makers (ICMs) to “stream” two-sided quotes into CBOEdirect from their own proprietary or third-party auto-quote system. Additionally, the design has allowed ICMs to submit individual one-sided quotes, in the form of an “ICM” or “I” order. These “I” orders are treated similarly to two-sided quotes in that: 1) They display immediately in the disseminated/displayed quote if they match or improve the current market; 2) They may trade with resting book orders as part of the N-Second Group; and 3) They create a Hybrid “QUOTE LOCK” situation if they lock or invert with another ICM’s auto-quote or “I” order.

To submit “I” orders, ICMs must use either an auto-quote or an order-entry system that allows for the entry of “I” orders. Several clearing firms and third-party providers have already rolled out (or are beginning to rollout) “I” order entry functionality on their handheld applications. This functionality allows CBOE ICMs to submit one-sided quotes (or “I” orders) into Hybrid, similar to the way a user would enter an order to another exchange. Below is a list of clearing firms and third-party providers that have been in contact with CBOE regarding this functionality, along with a contact for each. If you have an interest in using this type of trading tool as a Hybrid ICM, please contact your clearing firm or the provider of your choice for details on their specific solution.

ABN Amro Sage – Bill Inglese 312-542-4908
Brisk – Vincent Florack 312-260-5179
ECI Global - Phil Barnett 312-408-1880
Edge Trading Systems/ONE – John Kaminski 312-907-1972
First Options – Bruce Meegan 312-362-2156
Merrill Pro – Diego Villar 312-347-3632
MicroHedge – Eric Siegmann 312-927-0660
MM-Squared – Bernie Rice 312-377-3907
O’Connor – Joe Burgee 312-604-8096
PAX – Bill Stein 312-260-5052
Preferred Trade - Gary Panice 312-542-5700
REDI –Bruce Meegan 312-362-2156

Please contact Anthony Montesano at (312) 786-7365 with any questions.