



400 S. La Salle
Chicago, IL 60605

Information Circular IC04-143

Date: September 24, 2004

To: CBOE Members

From: Trading Operations

Re: Market Maker orders in Hybrid Classes

It has come to our attention that CBOE members are not aware of some of the flexibility available to them in Hybrid classes. Members have stated that they often enter orders to rest or to obtain automatic execution on away exchanges when they leave the CBOE trading crowd. This circular is provided as a reminder that members are permitted to rest orders in the Hybrid book when the member leaves the crowd. Members may also submit orders for automatic execution when they leave the crowd. Members are encouraged to consider the option of placing their orders on the CBOE rather than on away exchanges if desired.

As defined in CBOE Regulatory Circular RG03-107, the current rules allow CBOE market makers to rest orders of "M" origin in the book in Hybrid classes when not physically present in the trading crowd. Non-marketable orders of M origin route to the firm booth from which they can be sent to a mobile PAR. Once announced to the trading crowd, the mobile PAR broker can book the order. Resting "M" orders must be canceled once the member returns to the crowd. Day orders that are not executed are removed systematically at end of day. GTC orders remain in the book until canceled.

In addition, as described in RG04-80, CBOE market makers are permitted to enter orders with origin "M" to obtain automatic executions when not in the crowd. As stated in the circular, members that enter marketable orders that automatically execute are limited to one order every 15-seconds on the same side of the market (bullish/bearish) in an option class.

Members wishing to enter orders with "M" origin should contact the vendor that provides their order entry facility.

If you have questions regarding this matter, please contact Anthony Montesano at x7365, or Carole Zylius at x7174.