



400 S. La Salle  
Chicago, IL 60605

## Information Circular 05-06

Date: January 24, 2005  
To: Members and Member Organizations  
From: Trading Operations  
Re: Complex Order TNT Entry

The CBOE has implemented enhancements to the member firm TNT terminals that provide the ability to enter multi-legged orders into the Order Routing System (ORS). Like simple orders, complex strategies can be routed to the crowd PAR, a mobile PAR, or the BART workstation. Reports for filled and cancelled complex orders will print at the designated booth printers.

Although the template was not specifically designed for delta neutral order entry, it can be adapted to allow users to enter these strategy types into ORS to take advantage of electronic routing and PAR execution features. Brokers executing orders on PAR or paper tickets must be aware that the information as stated below may be entered by firms, and is considered part of the terms of the order:

Volume: Must be included on each leg for electronic processing. Firms should enter the volumes in proportion to the appropriate delta. The ratio field can also be used to communicate the delta to the broker.

Ex.1 : Leg 1 Buy 10,000 ABC Ratio: 1  
Leg 2 Buy 100 ABC Mar 50 Ratio: 1

Ex.2: Leg 1 Buy 5700 ABC Ratio: 1  
Leg 2 Buy 100 ABC Mar 50 Ratio: 57

STK/MT: Stock Price: The underlying value to be used to determine 'tradability' should be entered in this field.

OP/EX: Option Price: The option price to be used to determine 'tradability' should be entered in this field.

Price: Strategy Price: The CBOE recognizes that delta neutral strategies do not have an overall strategy price, but due to system requirements, a price must be included. The CBOE requests that firms use 9999.99 CR as the overall strategy price to identify the order as a delta neutral strategy.

The information entered will display as follows:

On PAR:

9999.99 CR 161 TS1234 TSS890 101315						
BUY STK	10000	ABC	0.00	STK: 32.10	OP: 2.15	1
SL C	100	ABC MAR 50	2.15	2.15 – 2.30		57

- The strategy price appears in the same location on PAR as for regular spread orders
- The STK/MT Stock Price and OP/EX Option Price appear as “SP” and “OP” to the right of the premium field on the STOCK leg line of the trading dialog window
- Delta neutral ratio indications appear in the regular Ratio fields, to the right of each leg line on the PAR trading dialog window
- Endorsements of delta neutral orders must include an Exchange.

On the order tickets:

UAW ORDER	
MAN LPH 1 / 0226	#DAC222
SPREAD	2 LEGS
9999.99 CR	DAY

BUY STOCK	1
5700 ABC	

SP 32.10 OP 2.15

BUY CALL	57
100 ABC MAR 25	
CLOSE CUST	
MQ: 2.15 – 2.30	

PRNTD BY BRKR

BOOTH ENTERED

- The strategy price appears just below the order type.
- The SP/MT Stock Price and OP/EX Option Price appear as “SP” and “OP” between the 1<sup>st</sup> and 2<sup>nd</sup> leg on the printed spread ticket
- Delta neutral ratio indications appear in the Ratio fields, to the right of each leg on the printed ticket.

Firms in need of additional training should contact Carole Zylus at 312-786-7174 or Larry Hawley at 312-786-8141.