



400 S. La Salle  
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## Information Circular IC07-62

Date: May 17, 2007  
To: Members, Member Firms, and Order Providers  
From: Trading Operations  
Re: Automated Improvement Mechanism (AIM)

Beginning the week of May 21, 2007, CBOE will implement an enhancement that adds flexibility to its Automated Improvement Mechanism (AIM). The current AIM functionality cancels both sides of the paired order if, for any reason, no auction occurs. With this enhancement, called "AIM Retained", users may now choose, on an order-by-order basis, to have both sides of the transaction cancelled as occurs today, or to have only the contra side of the paired order canceled. In the latter choice, the original side of the paired order will be retained and continue processing. Rule 6.74A will apply.

### AIM Recap

The buy and sell sides of the transaction are sent together and are exposed to a brief electronic auction. The auction must start at no worse than the NBBO for orders of 50 contracts or greater, or at least one auction price increment (currently established at \$.01 by the Equity and Index Options Procedure Committees) better than the NBBO for orders of 49 contracts or less. If the contra order is on the final price it will receive: 100% if not matched by any other participant, a minimum of 50% if matched by one other participant or a minimum of 40% if matched by multiple participants.

### Format of orders

Orders to utilize the new AIM functionality must be identified with "**A:AIR**".  
Orders to utilize the current AIM processing must be identified with "**A:AIM**".

The functionality to enter AIM Retained orders (*i.e.* with the "AIR" marking) is not available on HYTS terminals or on the Floor Broker Workstation (FBW). Vendors and firms wishing to enter AIM Retained orders or respond to AIM auctions via their own proprietary systems should contact the CBOE's API Testing Group at (312) 786-7300. For any other questions on AIM functionality, please call Mike Trees (312) 786-8408 or Anthony Montesano (312) 786-7365.