



Trading Operations  
400 S. LaSalle Street  
Chicago, Illinois 60605

## Regulatory Circular RG00-31

Date: February 4, 2000

To: Members and Member Firms

From: Trading Operations

Re: **Electronic Re-routing of Live Ammo Orders to RAES**

The SEC has given approval to the CBOE to reroute orders from the EBook Live Ammo screen to RAES. This functionality, which is described below, is effective in production as of 2/4/00. If you have any questions, please contact Anthony Montesano at (312) 786-7365 or Carole Zylius at (312) 786-7174.

### **Electronic Re-routing of Live Ammo Orders**

The <F9> function key on the Live Ammo screen allows the operator to re-route RAES-eligible orders to RAES and bookable orders into the book. The operator can select and re-route a subset of orders on the page or can re-route an entire page of orders at one time.

### **The following rules will be applied for electronically executed orders:**

- RAES-eligible orders will check the NBBO and will “step up” to a competing exchange's market based on the current step-up rules.
- RAES-eligible orders will trade against market makers logged into the RAES Wheel.
- The executing broker assigned to the trade will be “ZLA”.
- Market makers will be notified of trade assignments via current methods (i.e. TATs on handheld MMTs; paper TATs; VTATs and ETATs (OEX only)).
- Trades will be billed at the normal book execution rate.
- Executions may be “blocked” if a book order matches the current market, unless Automated Book Priority (ABP) is activated for the class.
- If an order has been partially filled or cancelled, and the original order quantity exceeds the RAES limit, then the order will NOT be electronically executed. Such orders will either be booked or remain on Live Ammo.

Orders that fail any of the RAES eligibility edits will remain on the Live Ammo screen for manual execution.

### **Automated Book Priority (ABP)**

If an option class is activated for ABP, a RAES eligible order that is routed from Live Ammo could automatically cross with EBook if the book is matching the market on the opposite side of the quote.

If an option class is NOT activated for ABP, a RAES eligible order that is routed from Live Ammo when the book is matching the market on the opposite side of the quote will remain on Live Ammo, and it must be crossed manually with EBook.

### **EBook - How to Re-route Orders from Live Ammo:**

To re-route a single order or a subset of orders on a page...

- 1 - Type an "X" in front of the orders to be re-routed.
- 2 - Press <F9 - RAES/BOOK>

To re-route an entire page of 13 orders ...

- 1 - Press <F9>

**Note: The Book Staff should exercise due diligence when directing multiple pages of Live Ammo orders to RAES.**

<F9 - RAES/BOOK> - This key will re-route Live Ammo orders to RAES or into the book. Orders will re-route to RAES if RAES is available and the order is currently RAES-eligible. Orders will re-route into the book as long as they do not cross or invert the market quote. Those orders which are not RAES-eligible and are not bookable will remain on Live Ammo. A terminal response will be returned to the operator showing the number of orders rerouted to RAES, EBOOK or UNCHANGED (remaining on Live Ammo).

**\*\* Note:** The functionality for the <F10> BOOK key has not changed.

To search EBook for orders routed from Live Ammo to RAES:

On Activity Inquiry – 10 page – enter status code "L" which will display all Live Ammo orders. Those Live Ammo orders that were routed to RAES will show a message "LA to RAES" next to those orders that were routed. Check IQOD for detail trade information.

Similarly, if searching EBook for ABP trades (EBook orders that that were traded by RAES), these orders will contain a contra broker of ZBK. On Activity Inquiry – 10 page – enter contra broker ZBK in the appropriate field, and EBook will display the book orders that were traded by RAES due to Automated Book Priority. For the RAES orders, the member firms should either check IQOD or refer to the RAES Retail Firm Trades screen on the Public RAES terminals.

### **IQOD**

The following IQOD activity messages in ORS will be displayed for orders routed from Live Ammo to RAES:

LA TO RAES	02/04/00	09:10:00	10		X488
FR	02/04/00	09:10:00		10@ 2 ½	
	RQ2188		ABC/123	ZLA	09:10