



Regulatory Circular RG01-92

Date: June 21, 2001
To: CBOE Members and Member Firms
From: Trading Operations
Re: ABP Split-price – Status and Clarification

The ABP Split-price software was implemented on May 31, 2001 and rolled out on a voluntary basis. As of 6/18/01, ABP is active in 1632 of 2699 classes. 43 stations have chosen to activate all classes; 15 stations have activated some classes; 15 stations have activated no classes. Training sessions were offered prior to implementation, but there still seems to be some confusion regarding actual functionality. Below are a few points to clarify how things work. If you have questions or need further information, please contact Anthony Montesano at x7365.

Automatic Executions are BLOCKED When the AQ Locks or Inverts the Book

BUY(SELL) orders are blocked if the CBOE AQ or the proprietary vendor quote bid(offer) is greater(less) than or equal to the book offer(bid).

Automatic Executions are BLOCKED When the NBBO is Locked or Inverted

Both BUY and SELL orders are blocked if any exchange that is part of the NBBO locks or inverts another.

NBBO Step-up did NOT Change With ABP SP

RAES automatic step-up steps up 1 tick from the disseminated CBOE market, regardless of whether ABP is on or off. Note that the disseminated market may include a book order that improves the crowd market. THIS PROCESSING DID NOT CHANGE WITH ABP. Another systems change is planned for late-Summer or early-Fall to step-up only from the AutoQuote, not from a book quote.

Orders Between the Quote Can Only Be Booked From PAR or LiveAmmo

An ORS order that improves the quote cannot route directly into EBOOK. It must be booked from PAR or LiveAmmo. Pursuant to its authority under Rule 7.4, the Equity Floor Procedure Committee has determined that PAR Brokers, including mobile PAR brokers, must announce in the crowd that they are changing the quote prior to booking such orders.

The BOOK COMMITMENT (BC) Parameter Meets a Firm-quote Minimum

In cases where the book improves the DPM/crowd market, the first incoming customer RAES-eligible order should trade at the book price for the book size or 10 contracts, whichever is greater. The BC electronically observes the policies that should be observed manually if ABP is not on.