

Regulatory Circular RG03-28

Date: April 9, 2003

To: All Designated Primary Market Makers

From: Division of Regulatory Services
Legal Division

Re: Limit Order Handling

Contacts: Karen Charleston, Department of Market Monitoring, at 312-786-7724
Stephen Youhn, Legal Division, at 312-786-7416

*******IMPORTANT REMINDER*******

Effective April 21, 2003, each Designated Primary Market Maker (“DPM”) is expected to execute or book, with certain exceptions, at least 95% of customer limit orders immediately but not later than 30-seconds under normal market conditions.

RELATED KEY ISSUES OF NOTE

DPMs not meeting this standard will be subject to appropriate regulatory or disciplinary action as determined by the Business Conduct Committee (“BCC”).

It is our understanding that the Securities and Exchange Commission (“SEC”) has directed all floor-based options exchanges to impose this same limit order handling standard.

Be reminded that reports measuring the DPM’s LODA performance at the immediate but not greater than 30-seconds standard (“30-Second LODA Reports”) are now available on the internet (<https://www.cboe.com/memreports/loa>). Also, be reminded that it is the DPM’s obligation to access and review its daily 30-Second LODA Reports to ensure that the DPM is in compliance with the standard.

If you wish to obtain further information relative to limit order display or your DPM’s performance in this regard, please feel free to contact Karen Charleston at the number listed above.