



## Regulatory Circular RG03-30

**TO:** CBOE Members  
**FROM:** Regulatory Services Division  
**DATE:** April 23, 2003  
**RE:** Autobook

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As previously advised, beginning on April 21, 2003, DPMs are required to execute or book 95% of all eligible customer limit orders “immediately” but not later than 30-seconds after receipt under normal market conditions.<sup>1</sup>

On April 21, 2003, the SEC granted immediate effectiveness to a CBOE amendment to Rule 8.85 implementing the Autobook enhancement to DPM PAR workstations. Specifically, Autobook is an enhancement to the DPM’s PAR workstation that will automatically re-route eligible customer limit orders into the limit order book at the end of a configurable period of time provided such limit orders have not previously been addressed manually by the DPM. The appropriate floor procedure committee will be responsible for establishing the Autobook timer in all classes under that Committee’s jurisdiction, and the timer may not exceed the 30-second customer limit order display requirement. The Equity Floor Procedure Committee has set the timer to 28 seconds.

Excessive Reliance on Autobook. Autobook does not relieve DPMs of their obligation to book eligible customer limit orders on their PAR workstation immediately but not later than 30-seconds after receipt. To the extent a DPM excessively relies on Autobook to display eligible limit orders without attempting to address these orders immediately, the DPM could violate its due diligence obligation. Brief or intermittent periods of reliance on Autobook out of necessity, however, would not violate the obligation.<sup>2</sup>

Deactivation. A DPM may deactivate Autobook provided Floor Official approval is obtained. The DPM must obtain such approval no later than three minutes after deactivation. If the DPM does not receive approval within three minutes after deactivation, the Exchange will review the matter as a regulatory issue. Floor officials will grant approval only in instances when there is an unusual influx of orders, movement of the underlying that would result in gap pricing or other unusual circumstances where automatic display of orders would not result in diligent handling.

### Functional Aspects of Autobook.

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<sup>1</sup> See Exchange Regulatory Circulars RG02-03, RG02-49, RG03-03, and RG03-28.

<sup>2</sup> For example, a DPM for a class that experiences an unexpected surge in trading activity would not violate its obligations if, because the DPM is not physically able to address eligible limit orders within 30-seconds, Autobook displays such orders at the end of the time period.

- Class symbol on the order blinks 7 seconds prior to Autobooking
- Orders already in the process of being traded (*i.e.*, the ticket is displayed), or that have been marked <AWAY> prior to the timer expiring, will not Autobook
- The manual <BOOK> button should continue to be used to book orders the DPM addressed prior to the Autobook time
- Orders have one chance to Autobook. If the timer expires while an order ticket is displayed on PAR or after the order is marked as AWAY, broker then must use manual <BOOK> button to address those orders
- Bookable orders that have cancels or cancel/replace instructions pending will **automatically cancel or cancel/replace** when the timer expires
- Partially filled orders are subject to Autobooking or auto-canceling when the timer expires
- Orders will not Autobook if, at the time of the booking attempt, the order would lock or invert the NBBO. These orders must therefore be addressed manually on CBOE or through the Options Linkage, as appropriate.
- PAR will not Autobook an order that contains an “X” in the CORRESpondent field. This feature eliminates the risk of double filling an order that is executed based on a verbal instruction with “an order to follow”. **If the booth phones an order to the crowd with the instruction “order to follow”, the booth staff must enter the related BERS order with an X in the CORRESpondent field.**

Any questions regarding Autobook may be directed to Karen Charleston, Department of Market Monitoring, at 312-786-7724, or Anthony Montesano, Trading Operations, at (312) 786-7365.