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## Regulatory Circular RG04-129

Date: December 22, 2004

To: CBOE Members and Member Organizations

From: Regulatory Services Division

Re: Improper Disclosure of Orders on PAR Terminal

At the direction of the Securities and Exchange Commission, the CBOE hereby advises its membership that it is a violation of Just & Equitable Principles of Trade and is inconsistent with the Responsibilities of Floor Brokers for any member operating a PAR (or any agency workstation or order book) to disclose specific order information to the trading crowd or to any other party prior to such order being represented in open outcry. Such disclosure would provide an inappropriate informational advantage and could result in other rules violations if, for instance, the disclosure allowed members to back away from their quotes.

Similarly, it is a violation of Just & Equitable Principles of Trade and Market Maker Obligations for any member of the trading crowd trading as a market maker to gain inappropriate knowledge of orders by, for example, reading a Floor Broker's PAR screen, and to act on that material non-public knowledge by modifying his or her market quotes.

As such, the Exchange advises Floor Brokers operating PAR terminals to take the necessary measures to ensure that specific order information is not disclosed to the trading crowd or to any other party prior to the order being represented in open outcry. Such measures may include the use of a PAR screen filter or repositioning the PAR screen away from the direct view of the trading crowd.

Members who require a PAR screen filter or need to have a PAR terminal repositioned should contact Trading Operations via the Help Desk at (312) 786-7100. PAR screen filters will be provided to members at no cost, however, members shall be responsible for any costs associated with the damage, repair, or replacement of this equipment.

Questions concerning this circular may be directed to Karen Calvin at (312) 786-7759 or Trading Floor Liaison staff at (312) 786-4068