



400 S. La Salle
Chicago, IL 60605

Regulatory Circular RG05-70

Date: August 24, 2005
To: Members, Member Firms and Member Organizations
From: Equity Options Procedure Committee
Re: Direct Routing into the Complex Order Book (COB)

The Equity Options Procedure Committee has approved the routing of complex orders for origins CUSTOMER, FIRM and BD directly into the COB in all equity classes that have the COB enabled. With a few exceptions, the COB is currently enabled in three equity classes per station. Expansion into more classes will commence in late August, and continue through September, coinciding with the rollout of new PAR and FBW versions that will allow brokers to view resting COB orders.

Routing changes will be effective as of September 2, 2005. Member firms will be contacted by CBOE staff to confirm routing parameters. Prior to the change, complex orders could only be sent into the COB from PAR. With this change, orders will be eligible to route directly into the COB, bypassing PAR. Orders that are marketable will trade immediately, while those that are not marketable will simply book and rest in the COB. Resting COB orders will be canceled electronically upon receipt of a cancel request and will execute electronically if:

- (1) the individual series quotes line-up to make the order marketable;
- (2) an opposing order that can trade with the resting order is received into the COB;
or
- (3) a Hybrid market participant submits an order to trade with the resting order.

Hybrid market participants who use third party auto-quote systems should contact their vendor regarding COB functionality.

Questions regarding this matter may be directed to Anthony Montesano at x7365, Mike Trees at x8408 or the Help Desk at x7100.