



400 S. La Salle  
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## Regulatory Circular RG07-60

Date: May 30, 2007  
To: Members  
From: Index Options Procedure Committee  
Re: COB and COA activation in XEO

The Index Floor Procedure Committee has approved the activation of the Hybrid Complex Order Book (COB) and Complex Order Auction (COA) in XEO as of June 1, 2007. Orders of all origins are eligible for COA, and to hit/take resting COB orders, while only origins C (Customer), F (Firm proprietary) and B (Broker/dealer) are permitted to rest in the COB. Complex orders with a ratio of 1:1, 1:2, 1:1:1, 1:2:1 and 1:1:1:1 are eligible for COA/COB, while orders with a stock or future leg are not.

**COA Process:** Orders that are marketable or are within the natural leg market are eligible for COA. At the start of an auction, a request for response ("RFR") will be sent to all members who subscribe to receive COA messages. The RFR includes the strategy and size, but not the side of the order.

- Market-Makers with an appointment in the relevant option class, and each member acting as agent for orders resting at the top of the COB for that same strategy, may submit responses. Responses may be in \$0.05 net price increments and multiple responses may be submitted at various price points.
- The duration of the auction is 2 seconds. At the expiration of the auction, the order will either trade or, if not marketable, route to COB or PAR (for auctions initiated by a PAR broker).

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.

Member firms will be contacted by CBOE staff to confirm routing parameters. Hybrid market participants who use third party auto-quote systems should contact their vendor regarding COA and COB functionality.

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