



400 S. La Salle
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Regulatory Circular RG07-68

Date: June 18, 2007
To: Members
From: Index Options Procedure Committee
Re: MVR trading on Hybrid 3.0

On Tuesday, June 19, 2007, MVR, the Morgan Stanley Retail Index, will be converted to the Index Hybrid trading platform (Hybrid 3.0).

Hybrid 3.0 parameters in the MVR will differ from standard Hybrid in the following ways:

- Streaming quotes are allowed from the DPM only.
- Manual quoting from crowd members is allowed via PAR and Quote Reporters.
- Intra-day, only Customer orders may rest in the book.
- Customer, Firm, Broker-Dealer, and In-Crowd market participant orders may trade with the customer book intra-day. IOC contingency is required for all non-Customer orders attempting to trade electronically with the book.
- Customer, Firm, Broker-Dealer, CBOE Market-Maker, away Market-Maker and Specialist orders are bookable prior to the open to participate in rotation. OPG contingency is required on all non-customer orders attempting to participate in the rotation. Any unfilled balance on OPG orders will be canceled at the completion of opening rotation.
- The Quote Trigger (joining period) for Book trades will be one second, with trade allocation among multiple in-crowd participants via CUMA.

Complex Orders

- Complex Order Book (COB) and Complex Order Auction (COA) will be available in \$.05 increments. Only Customer orders may rest in COB.

Summary of order types for in-crowd Market-Makers

- To participate in rotation, use orders with origin M and contingency OPG.
- To trade resting customer simple book orders, use orders with origin I and contingency IOC.
- To trade resting customer COB orders, use orders with origin M and contingency IOC.
- To respond to COA auctions, use orders with origin M and contingency type AUCTION RESPONSE.

Members who use third party auto-quote systems should contact their vendor regarding the Hybrid 3.0 functionality. General questions regarding this matter may be directed to Anthony Montesano at x7365, or the Help Desk at x7100.