



400 S. La Salle  
Chicago, IL 60605

Regulatory Circular RG09 -106

Date: October 1, 2009  
To: Members  
From: Trading Operations  
Re: Linkage Implementation Schedule

CBOE will begin linkage implementation of outbound Intermarket Sweep Order (ISO) routing to away exchanges on Friday, October 9<sup>th</sup>. We will enable two classes for routing on the first day with migration extending over a few weeks. CBOE will initiate ISO routing using established firms as our linkage providers via standard "front-door" routing mechanisms. The outbound ISOs are generated, as necessary, on behalf of orders received at CBOE when we are not displaying the NBBO. New functionality supporting the Distributive Linkage Plan is detailed below.

The schedule for outbound routing implementation includes the following dates:

**Friday, October 9<sup>th</sup>** includes the following two option classes:

- **T** (AT&T) and **GDX** (Market Vectors TR Gold M).

**Tuesday, October 20<sup>th</sup>** an additional 10 classes will be implemented with the remainder of all multiple listed classes migrated to outbound routing over the course of the following two weeks. The specifics of the option names on each implementation date will be announced in a separate circular.

Floor brokers will be enabled for access to outbound linkage via the Sweep & Return functionality on PAR. Floor broker enablement will occur after the linkage rollout and after an education session has been completed. Education sessions will be conducted after the second week of rollout.

New functionality and order types have been developed in support of the Distributive Linkage Plan. As classes are migrated to new option linkage, a new HAL auction process (HAL2) will be activated. Responses to the HAL2 auction are permitted at any price equal to or better than the CBOE BBO. Those at the NBBO or better will trade immediately, with no joining period. At the conclusion of HAL2, ISOs will be shipped to those markets displaying better priced quotes than CBOE, while any remaining order balance will simultaneously trade at CBOE's price. ISO fills will be applied to the originating order, creating a corresponding trade at CBOE.

The following order types will be eligible once a given class is activated (see RG09-84 for further details):

- Sweep-and-AIM – Allows brokers to submit AIM crosses outside the NBBO. Upon receipt, CBOE will sweep all better priced protected quotes at away markets along with better CBOE prices, while simultaneously starting an auction for the remaining volume at the crossing price designated on the contra/match order.
- AIM-ISO – Allows brokers to submit AIM crosses outside the NBBO with the understanding that the broker is sweeping all better priced protected quotes at away exchanges themselves. Upon receipt, CBOE will clear all better internal prices while starting an auction at the crossing price designated on the contra/match order, irrespective of the NBBO.
- Do-Not-Route (DNR) Order – Instructs CBOE to trade the order or book it. If order pricing requires linking to an away market, the order is canceled. This order type is also known as "CBOE-only".

For linkage questions please contact Tim Watkins at (312) 786-7172, Roger Mulcahy at (312) 786-7280, or the CBOE Help Desk at (312) 786-7100. For questions relating to new order type formats or to set up ISO testing, contact CBOE's API Group at (312) 786-7300. For HAL or AIM, call Anthony Montesano at (312) 786-7365, Mike Trees at (312) 786-8408, or Greg Burkhardt at (312) 786-7531.