



Market Operations
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Regulatory Circular RG99- 175

Date: September 2, 1999

To: CBOE Members and Member Firms

From: Equity Floor Procedure Committee

RE: **RAES Variable Market Maker Volume - Final Approval**

The Exchange has been given approval for use of the RAES Variable Market Maker Volume enhancements **effective today, September 2, 1999**. These enhancements will allow market makers to individually specify a maximum quantity, per class, per turn on the "RAES Wheel". Equity Floor Procedure Committee authorizes each equity market maker to selectively choose their own RAES participation level by changing their login volume by class. THIS CHANGE WILL NOT AFFECT THE SIZE OF CUSTOMER ORDERS WHICH ARE ELIGIBLE FOR RAES. CURRENTLY THE ORDER MAXIMUM FOR MOST OPTIONS IS SET AT 20 CONTRACTS.¹ The EFPC may review the size of customer orders eligible for RAES in the near future.

RAES eligible orders can be assigned to multiple market makers:

If a RAES order quantity exceeds a market maker's maximum volume, the market maker will only be assigned the quantity equal to his or her limit. The balance of the order will continue to be assigned to the next market maker on the RAES Wheel up to that market maker's limit and so on to as many market makers as needed to completely fill the customer RAES order. It is still possible for a market maker to be assigned a lesser quantity on any given turn, depending on the size of the customer order.

Market Maker Instructions:

The new market maker volume parameter that has been added to the RAES Login screen will allow market makers the ability to change their maximum quantity a market maker can be assigned by RAES each time his or her acronym comes up on the wheel. **The order size maximum set by EFPC for most option classes is 20 contracts, so the order size limit is the maximum a market maker will be assigned per turn on the RAES Wheel, even if the market maker volume parameter is set higher.** At this time, the minimum value allowed for each market maker will be one contract. (The field size for this new parameter is 1 to 999.)

Please note: Related class symbols for the same underlying product, such as wrap-around or split symbols, should be treated with the same volume login as the primary option symbol.

¹ For some equity option classes multiply listed on competing exchanges, the maximum order size limit has been set by EFPC at 50 contracts, or at a limit higher than 20 to match the competition. These order size limits are subject to change, based on the decisions of the EFPC.

Changing the Volume Parameter:

On the RAES Public Menu, enter acronym & password and press PF3/15 to display the profile of classes. Tab to the volume field after the appropriate class. Overtyping the existing volume with the new volume, and press PF3/15 to complete the login. **Changes must be made prior to login.** Changes to the new quantity field CANNOT be made for classes which are already logged in. If a change is desired for a logged in class, the market maker must first log out of that class, update the volume, then log back in.

ORS Order Inquiry (IQOD):

The ORS IQOD function will display a separate FR (Fill Report) activity message for each market maker assigned to an order executed by RAES. A new "RAES ID" will also be displayed as part of each activity. This ID will be used mainly by the RAES Supervisor when researching trades.

For questions relating to RAES Login, please contact the RAES Supervisors at x-4340. For RAES questions regarding these functional changes, please contact Tim Watkins at (312) 786-7172, Roger Mulcahy at (312) 786-7280, or the Help Desk at (312) 786-7100.