CBOE
CHICAGO BOARD OPTIONS EXCHANGE

Date: September 22, 2005

To: Members and Member Organizations

From: Index Market Performance Committee

Re: Solicitation for Lead Market Makers ("LMMs") in the Jumbo Options Based on the Dow
                  Jones Industrial Average ("Jumbo DOW")

        The Index Market Performance Committee (the "Committee") is soliciting for those member organizations that are interested in becoming Lead Market Makers (LMMs) in the Jumbo Dow Jones Index ("Jumbo DOW"). The Jumbo DOW is based on $1/10^{th}$ the value of the Dow Jones Industrial Average. Primarily, the Committee is seeking vendors to provide continuous two-sided markets within the limitations of published bid–ask widths and minimum sizes as prescribed by the Committee.

        As remuneration, the Committee has determined that only appointed LMMs in the Jumbo DOW may participate in the modified opening rotation described in Interpretation .01 to Rule 6.2A, including participating in opening rotations using the Exchange's Rapid Opening System ("ROS"). Furthermore, LMMs participating on ROS, shall be expected to be signed onto RAES at all times.
The Committee has set the following standards that all LMMs will be required to fulfill:

1. Be cable ready[1] and have a dedicated person previously identified to the Committee who will run the system from outside the trading crowd (e.g. in a booth or upstairs office).
2. Have a substantial presence in other Indices (e.g. S&P 500 ("SPX") and S&P 100 ("OEX")).
3. Provide accurate quotes for the CBOE's Rapid Opening System ("ROS") for each day the applicant is the appointed LMM.
4. Provide accurate, continuous two-sided firm quotes of no greater than legal width throughout the entire trading session in all series of all classes in the Jumbo DOW and all LEAPS (including those series added in intra-day) in all market conditions.
5. Adjust bid-ask widths to respond to competitive situations and market conditions.
6. Disseminate quote size that is reflective of the crowd size as prescribed by the Committee.
7. Demonstrate that traders responsible for operating the system are present in the Jumbo DOW crowd at all times.
8. Have in place appropriate system back-up/recovery capabilities for proprietary system and CBOE Autoquote.
9. Demonstrate system capacity and performance according to standards prescribed by the Committee.
10. Provide back-up for an expiration cycle either before and/or after the LMM's appointed month.

Members wishing to participate in the LMM program should obtain a Commitment Letter from the Department of Market Quality Assurance located on the 5th Floor, CBOE. **All Commitment Letters must be returned no later than Thursday, September 29, 2005**.

Any questions regarding this Circular may be directed to Carolyn Rutan (786-7835) or Dennis Carta (10782).

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[1] Connecting an outside system to send streaming quotes into CBOE trading systems using an application programming interface (API) The API for non-hybrid classes is the Vendor Quote Interface or VQI.