Regulatory Circular RG01-70

Date: May 18, 2001

To: Members and Member Firms

From: The Index Market Performance Committee

Re: Options on the Standard and Poors 100 Index (OEX)

The Index Market Performance Committee ("Committee") has reviewed the market conditions in the basket of stocks underlying OEX options, the width of the markets in the related futures contracts which are frequently utilized to hedge options positions and the general trading conditions in OEX options themselves. Based upon this review, the Committee in accordance with Rule 8.7(b)(iv), has determined to modify the bid/ask differentials as they apply to OEX options. The modified bid/ask differentials are as follows:

>   If the bid is less than $2, the bid/ask spread may be up to .50 point wide.
>   If the bid is from $2 to $5, the bid/ask spread may be .80 point wide.
>   If the bid is from $5.10 to $10, the bid/ask spread may be 1 point wide.
>   If the bid is from $10.10 to $20, the bid/ask spread may be 1.50 point wide.
>   If the bid is greater than $20.10 to $50, the bid/ask spread may be 2 points wide.
>   If the bid is greater than $50.10, the bid/ask spread may be 3 points wide.

The above bid/ask differentials are the maximum allowable, and in many instances, however, the actual market width may be narrower.

Additionally, as identified in Regulatory Circular RG97-143, the Exchange is calculating the bid/ask values of the S&P 100 Index (OEX) pursuant to Exchange Rule 8.7, Interpretation .08, is making those values available to the trading floor and to the public. Members and member firms are reminded that Rule 8.7 allows markets for in-the-money options to be as wide as the market in the underlying basket of stocks. This relief was granted by the Committee with the contingency that the disseminated markets in this class will be competitive and in many instances will be narrower than the relief granted above.

Any questions regarding this memorandum may be directed to Daniel Hustad at (312) 786-7715.

Replaces Regulatory Circular RG 01-20