

Regulatory Circular RG 01-78

Date: June 1, 2001

To: Members and Member Organizations

From: Index Floor Procedure Committee

Re: Firm Quote Requirement Change and ABP Split Price Implementation for OEX, NDX, MNX, DJX, QQQ, RUT and OEF

Firm Quote Requirement Change

The Index Floor Procedure Committee, at its meeting on May 22, 2001, decided that effective June 1, 2001 the firm quote requirement for options on the OEX, NDX, MNX, DJX, QQQ, RUT and OEF will be as described below:

1. Firm Quote Requirement for Non-Broker-Dealer Orders – The firm quote requirement will be as follows:

Index	Quote Size	Eligible Series
S & P 100 (OEX)	20	\$10 and under, all series
Nasdaq 100 (NDX)	20	\$50 and under, all series
Mini Nasdaq (MNX)	50	\$40 and under, all series
Dow Jones Industrial (DJX)	50	All series
Nasdaq 100 Index Tracking Stock (QQQ)	100	All series
Russell 2000 (RUT)	20	All series
Options on iShares (OEF)	75	All series

The firm quote requirement in all other series will be 10 contracts. When quotes with size are disseminated in any of these classes, the firm quote requirement for non-broker-dealer orders for that class will be the disseminated size, not the size outlined in this circular.

2. Firm Quote Requirement for Broker-Dealer Orders – The firm quote requirement for all series will be 1 contract.

ABP Split-Price Implementation

Additionally, the Automated Book Priority (ABP) Split-price enhancement will be implemented in all the above classes. ABP Split-price will allow instantaneous execution of RAES-eligible orders when the book represents the best CBOE market. Incoming RAES-eligible orders will cross with customer orders resting in EBOOK when the book matches or improves the DPM/crowd market. (“BTM” or Book-Touches-Market condition). The instantaneous execution may occur at multiple prices if the book does not contain sufficient size to satisfy the entire RAES order. Trades executed against the book will have an executing broker of “ZBK” and a contra of the book acronym. Conversely, a book order that gets “hit”

by an incoming RAES order will have an executing broker of the book acronym, and a contra broker of “ZBK”. All trades against the wheel will have an executing broker of “ZZZ”.

Example: Book offer 3 contracts at 3.20; AQ offer 3.30
BUY 10 MKT → 3 trade with EBOOK at 3.20; 7 with wheel at 3.30.

Questions concerning this circular may be directed to Steve Youhn, Legal Division, at ext. 7416.