

DATE: September 27, 1996

Regulatory Circular # 96-84

TO: Members and Member Firms

FROM: Market Performance Committee

RE: Options on Hanson plc (HAN/HZN)

The Market Performance Committee ("Committee") has considered the complexity involved in the pricing, delivery and receipt of the underlying shares remaining after the demerger of Hanson plc (HAN) and the overlying option contracts (see CBOE Research Circular #RS96-294). As a result, on or about October 2, 1996, when options on the demerged shares begin trading, the Committee has determined pursuant to its authority granted under the provisions of Chicago Board Options Exchange Rules 8.51(a), that the following rules of trading procedure will be effective in all remaining HAN and HZN options:

Disseminated quotes in all HAN and HZN option classes will not be subject to the provisions of Exchange Rule 8.51 until further review.

The Committee has also determined in accordance with Exchange Rule 8.7(b)(iv) that the maximum allowable bid/ask spread in all HAN and HZN options will be 1/4 point wider than the bid/ask spread that is normally allowed under Exchange Rule 8.7(b)(iv). As such, the following are the maximum allowable bid/ask spreads for HAN and HZN options which are out of the money:

<u>Option Bid</u>	<u>Max. Spread</u>
Less than \$2	½ of \$1
2 to \$5	5/8 of \$1
5 1/8 to \$10	3/4 of \$1
10 1/8 to \$20	\$1
Greater than \$20	\$1 1/4

With respect to in-the-money options, such options may be as wide as the market in the underlying security, plus 1/4 of \$1.

Activity in HAN and HZN options and its respective underlying securities will be monitored by the Committee on an ongoing basis. The above modifications to the application of Rules 8.51(a) and 8.7(b)(iv) to HAN and HZN option trading should be considered temporary and will be reviewed by the Committee.

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