

Regulatory Circular RG 98-121

Date: November 6, 1998

To: Members and Member Firms

From: The Equity Floor Procedure Committee
The Market Performance Committee

Subject: RAES Expansion in Equities to 20 Contracts

As previously stated in Exchange Regulatory Circular RG98-117, in order to better meet the needs of CBOE customers, the Equity Floor Procedure Committee ("EFPC") has determined that beginning November 9, 1998, all series in equity option classes and all index option classes (other than DJX, NDX, OEX and SPX), which are currently RAES eligible for 10 contracts or less, will now be eligible for 20 contracts or less, unless otherwise exempted by the EFPC. Attached is a list of option classes which are RAES eligible for up to 20 contracts.

In recognition of this change and pursuant to its authority under Exchange Rule 8.16(a)(iii) - RAES Eligibility in Option Classes Other Than DJX, beginning November 9, 1998, the Market Performance Committee will grant all market-makers who are currently logged onto RAES in equity classes and all index classes other than DJX, NDX OEX and SPX, a one time exemption ("Exemption") from the RAES log on requirements during the current expiration cycle. **A market-maker who has logged onto RAES in the aforementioned classes prior to November 9, 1998 will be exempt from the RAES log on requirements in that option class whenever he or she is present in that trading crowd through the end of the current expiration cycle. However, should the market-maker log onto RAES on or after this date, the Exemption will no longer be effective, and the market-maker must log onto RAES whenever he or she is present in the trading crowd through the remainder of the then current expiration cycle.**

Any questions regarding RAES expansion in equities may be forwarded to any member of the Equity Floor Procedure Committee or Tim Watkins in Market Operations at (312) 786-7172. Any questions regarding RAES log on requirements may be forwarded to Dan Hustad in Market Procedures and Planning at (312) 786-7715.

[The list of classes was distributed with this circular on the floor. If you would like to obtain a copy, please contact the Legal Department.]