

Regulatory Circular RG99-158

Date: July 26, 1999  
To: All Members  
From: Modified Trading System (MTS) Appointments Committee  
Re: DPM Participation Rights

In conjunction with the membership vote to eliminate the DPM volume cap, and its present policy which reduces the minimum participation rights of DPMs, the Modified Trading System (MTS) Appointments Committee has reviewed the average daily volume of those option classes traded at the various DPM stations across the trading floor. Based on that review, and in accordance with Exchange Rule 8.80, the Committee has determined that the level of participation that a DPM may assert in transactions which occur at his principal bid or offer will be as follows:

| <u>Average Daily Volume Over<br/>Previous Calendar Quarter</u> | <u>Participation Right During<br/>Next Calendar Quarter</u> |
|----------------------------------------------------------------|-------------------------------------------------------------|
| Up to 2500 contracts                                           | 40% per trade                                               |
| From 2501 to 5000 contracts                                    | 30% per trade                                               |
| Over 5000 contracts                                            | No guaranteed participation                                 |

Based upon the average daily contract volume during the calendar quarter ending June 30, 1999, all DPM assigned classes which are not multiply traded will be treated according to the above schedule. Therefore, pursuant to the above schedule for the 3rd Quarter of 1999, the following is a listing of those option classes where a DPM has a participation right other than 40%.

| <u>Class</u>                      | <u>Participation Right</u>  |
|-----------------------------------|-----------------------------|
| Centocor, Inc. (COQ)              | 30%                         |
| Charles Schwab Corp. (SCH)        | No guaranteed participation |
| Compuware Corporation (CWQ)       | 30%                         |
| Nextel Communications Inc. (FQC)  | 30%                         |
| Oracle Corporation (ORQ)          | No guaranteed participation |
| Russell 2000 Index (RUT)          | 30%                         |
| SkyTel Communications, Inc. (MMQ) | 30%                         |

**The MTS Committee has determined to maintain all multiply traded option classes at the 40% participation level until further notice.**

Any questions concerning this memorandum may be addressed to Daniel Hustad at 786-7715 or to a member of the MTS Committee.