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## **Regulatory Circular RG 00-32**

DATE: February 10, 2000

TO: Members and Member Organizations

FROM: Legal Department

RE: Flexible Strike Prices for Equity FLEX Call Options

Effective immediately, pursuant to a recent CBOE rule change, Equity FLEX call strike prices will no longer be constrained to standard strikes. Call strike prices, as well as put strike prices, will be available in 1/8<sup>th</sup>-point increments. According to a recent IRS ruling, the existence of flexible call strikes will have no effect on the determination of "qualified covered call" status, an exemption from the US tax code's straddle rules for exchange-traded options.

For more information about CBOE Equity and Index FLEX options, visit the CBOE web site at <http://www.cboe.com/institutional/flex> or call 1-800-OPTIONS (1-800-678-4667). Please see <http://www.cboe.com/resources/tax> for more information about tax consequences of exchange-traded options.

Any questions related to this circular may be directed to Andy Lowenthal at (312) 786-7180.