



400 S. La Salle  
Chicago, IL 60605

Regulatory Circular RG00-85

To: SPX Market Makers

From: Trading Operations

Date: May 24, 2000

**Re: Reduction of Minimum RAES Variable Market Maker Volume Limit in SPX**

Currently, in SPX options, series in the first three months where the bid is \$40.00 or less are eligible for RAES. The current volume limit for all RAES orders in the SPX is 20 contracts or less. The RAES system allows market makers to establish a maximum number of contracts they are willing to be assigned by RAES for each turn on the "wheel." This "RAES Variable Market Maker Volume Limit" can be entered by individual market makers as they are logging onto RAES. As RAES trades are being executed, a market maker will not be assigned a number of contracts that exceeds his/her specified volume limit. If a RAES-eligible order has a quantity that is greater than the volume limit established by the market maker who is next up on the wheel, that market maker will be assigned his share of the order, and the balance of the order will continue around the wheel until completely filled.

The SPX Floor Procedure Committee has voted to lower the minimum volume limit that a market maker can select when logging into RAES in the SPX. Effective **Tuesday, May 30, 2000**, SPX market makers will be permitted to log into RAES with a volume limit of **5** contracts or greater. The Committee also established that individual market makers can set their volume limits only once per day, prior to the opening. Any member who wishes to comment on these decisions to the SPX Floor Procedure Committee prior to their implementation should call Anthony Montesano at (312) 786-7365 no later than **Friday, May 26**.

Procedures on how to update the RAES Variable Market Maker Volume, as written in RG99-175, are as follows:

**Changing the Volume Parameter:** On the RAES Public Menu, enter acronym & password and press PF3/15 to display the profile of classes. Tab to the volume field after the appropriate class. Overtyping the existing volume with the new volume, and press PF3/15 to complete the login. **Changes must be made prior to login.** Changes to the new quantity field CANNOT be made for classes that are already logged in. If a change is desired for a logged in class, the market maker must first log out of that class, update the volume, then log back in.

If you have any questions, please contact the RAES Supervisors at x4340, or Anthony Montesano at x7365.