

Regulatory Circular RG00-138

TO: Members and Member Firms

FROM: Legal Division

DATE: September 12, 2000

RE: Revised Settlement Procedures for A.M.-Settled Index Options in the
Event of Primary Market Closures

The Exchange recently obtained S.E.C. approval for changes in CBOE Rules 24.7(e) and 24.9(a)(4). These changes revise the settlement procedures for A.M.-Settled Index Options in response to the situation that almost occurred last year when Hurricane Floyd threatened to close the New York Stock Exchange.

Under the new rules, which apply to all A.M.-Settled Index Options series that begin trading **after** the September 2000 expiration, if the primary market for a security underlying the current index value does not open for trading on a given day, the price of that security shall be determined, for the purposes of calculating the current index value at expiration, based on the opening price of that security on the next day that its primary market is open for trading.

Please note that all CBOE-traded Index Option classes are A.M.-Settled with the exception of options on the S& P 100 Index (the "OEX").

Questions about this circular may be directed to Bill Speth at (312) 786-7141.