

Regulatory Circular RG01-11

Date: January 19, 2001
To: Members and Member Firms
From: The Index Market Performance Committee
Re: Options on the NASDAQ 100 Index (NDX)

The Index Market Performance Committee (the "Committee") has recently reviewed the market conditions in the basket of stocks underlying NDX options. The Committee has also reviewed the modified bid/ask differentials which are being applied to NDX options in consideration of the width of the market in the basket of underlying stocks. As a result of that review and in accordance with Rule 8.7(b)(iv), the Committee has determined to continue the extension of the bid/ask differentials relief. The modified bid/ask differentials are as follows:

- If the bid is less than \$2, the bid/ask spread may be up to .75 point wide.
- If the bid is from \$2 to \$4.90, the bid/ask spread may be 1 point wide.
- If the bid is from \$5 to \$9.90, the bid/ask spread may be 1.5 points wide.
- If the bid is from \$10 to \$19.90, the bid/ask spread may be 3 points wide.
- If the bid is from \$20 to \$39.90, the bid/ask spread may be 6 points wide.
- If the bid is from \$40 to \$79.90, the bid/ask spread may be 12 points wide.
- If the bid is from \$80 to 199.90, the bid/ask spread may be 18 points wide.
- If the bid is greater than \$200, the bid/ask spread may be 22 points wide.

The above bid/ask differentials are the maximum allowable. In many instances, however, the actual market width may be narrower than the above stated. This extended relief is granted from the January 22, 2001 through the February 2001 Expiration Cycle unless withdrawn by the Committee prior to that time.

Any questions regarding this memorandum may be directed to Daniel Hustad at (312) 786-7715.

Replaces Regulatory Circular 00-186