

Date: February 28, 2001

To: Membership

From: Index Market Performance Committee

Re: Blanket Appointment Covering Nasdaq-100 Index Tracking Stock<sup>SM</sup>  
(QQQ) Index Options

In order to provide optimum support for the newly listed Nasdaq-100 Index Tracking Stock<sup>SM</sup> (QQQ) options, the Index Market Performance Committee, by authority of Exchange Rule 8.3(c), has determined that as of February 27, 2001 the QQQ class of options will become an additional component of each market maker's appointment. This means that any contract executed for the account of a market maker in QQQ options will be recorded as a contract in that market maker's appointed classes. The blanket appointment of QQQ options is an additional appointment and does not replace or otherwise change the current appointments of any market maker. The blanket appointment of QQQ options will be effective through August 31, 2001, at which time any market maker wishing to continue trading QQQ options on a regular basis will be required to select QQQ as one of his or her regular station appointments.

As a reminder, a blanket appointment to any security in no way modifies a market maker's obligation under Rules 8.1 or 8.7 to execute transactions in person and not through the use of orders.

Additionally, it should be noted that RAES trades in QQQ options will be governed by the provisions of Exchange Rule 8.16. Therefore there is no provision mandating that a market maker establish a history of trading in the product prior to signing onto RAES.

Any questions regarding the treatment of QQQ options as they relate to a market maker's obligations under Rules 8.1, 8.3 or 8.7 may be directed to any member of the Index Market Performance Committee or to Daniel Hustad at 786-7715.