



Regulatory Circular #RG01-85

DATE: June 13, 2001

TO: Members and Member Firms

FROM: Research Department

RE: Re-Balance of the GSTI Composite Index (GTC) and GSTI Sub-Indexes (Hardware (GHA), Internet (GIN), Semiconductor (GSM), Services (GSV), Software (GSO) and Multimedia Networking (GIP))

CBOE has been informed that Goldman, Sachs & Co. ("Goldman Sachs") will revise certain of its guidelines for the GSTI Composite (GTC) and the weighting criteria for the six GSTI Sub-Indexes: Hardware (GHA), Internet (GIN), Semiconductor (GSM), Services (GSV), Software (GSO) and Multimedia Networking (GIP). These changes will become effective after the close of trading on Friday, June 15, 2001.

Outstanding options series for the GSTI Composite Index and five of the Sub-Indexes (GIP, GSM, GSO, GHA and GIN) will continue to settle based on the present rules and calculation method, but will be traded under new ticker symbols. No new series will be added to these "Old" index classes.

CBOE will continue to calculate the GSTI Composite "Old", GSTI Multimedia Networking "Old", GSTI Semiconductor "Old", GSTI Software "Old", GSTI Hardware "Old" and GSTI Internet "Old" Indexes using the current methodology (the "Old Indexes") until the open interest in these classes expires in order to facilitate options trading. CBOE will not calculate an "Old" GSV index value because GSV has no open interest beyond June expiration. "Old Indexes" will be disseminated by the CBOE under the following symbols:

GTH	GSTI Composite Index "Old"
GPO	GSTI Multimedia Networking Index "Old"
GMO	GSTI Semiconductor Index "Old"
GOO	GSTI Software Index "Old"
GHO	GSTI Hardware Index "Old"
GIO	GSTI Internet Index "Old"

The index levels based on the revised methodology (the “New Indexes”) will be traded under the current set of symbols.

Adjustment to Current Option Series

All Goldman Sachs Technology Index options outstanding on June 15, 2001 will continue to settle based on the “Old Indexes” (GTH, GPO, GMO, GOO, GHO and GIO). The settlement value symbols for the “Old” Index contracts are summarized in the following table:

“Old” Index Symbol	“Old” Index Settlement Symbol
GTH	GVO
GPO	GHP
GMO	GCD
GOO	GDZ
GHO	GNY
GIO	GEI

New Option Series

Options based on the “New Indexes” will be listed on June 18, 2001 under the following symbols:

<u>Ticker Symbol</u>	<u>Expiration Months</u>
GTC	Jul, Aug, Sep, Dec 2001
GIP	Jul, Aug, Sep, Dec 2001
GSM	Jul, Aug, Sep, Dec 2001
GSO	Jul, Aug, Sep, Dec 2001
GHA	Jul, Aug, Sep, Dec 2001
GIN	Jul, Aug, Sep, Dec 2001
GSV*	Jul 2001

*** Reflects the “new” index methodology only. No “Old” index will be calculated.**

The new series to be listed will be determined by the Exchange and disseminated by Thursday, June 14, 2001. Additional symbols may have to be used for other strike prices. The settlement value symbols for options based on the “New Indexes” will be current settlement symbols.

Position Limits

Any combination of options based on GSTI Composite Index “Old” (GTH) and GSTI Composite Index “New” (GTC) can not exceed more than 100,000 contracts. Any combination of options based on an “Old Index,” GPO, GMO, GOO, GHO and GIO, and options based on the corresponding “New Index,” GIP, GSM, GSO, GHA and GIN, can not exceed 31,500 contracts.

Calculation of the New Index

Goldman Sachs has informed CBOE that the semi-annual re-balancing for the GSTI Composite and Sub-Indexes will henceforth take place in June and December each year rather than July and January. In addition, the methodology governing the calculation of the GSTI Indexes will be modified as follows:

- Goldman Sachs Investment Research Department will have the discretion to exclude companies that, based on its knowledge of the technology sector, are inappropriately classified as technology companies as determined by the SIC/Russell code criteria.
- The weight of a component in a Sub-Index will be capped at 8.5% at re-balancing.

The “new” index methodology will be implemented at the next semi-annual re-balancing, scheduled to become effective after the close on Friday, June 15, 2001¹. CBOE will make new index shares available to interested parties on Wednesday, June 13.

Questions regarding this memo can be addressed to the Bill Speth in the Research Dept. at (312) 786-7141.

¹ The next scheduled re-balancing for the “Old” GSTI Indexes is scheduled to become effective after the close on Friday, July 20, 2001.