



Regulatory Circular RG 01-118

Date: July 20, 2001

To: Membership

From: Index Market Performance Committee

Re: Blanket Appointment Covering European-style S & P 100
(XEO) Index Options

In order to provide optimum support for the newly listed European-style S & P 100 Options (XEO), the Index Market Performance Committee, by authority of Exchange Rule 8.3(c), has determined that as of July 23, 2001 the XEO 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 XEO options will be recorded as a contract in that market maker's appointed classes. The blanket appointment of XEO options is an additional appointment and does not replace or otherwise change the current appointments of any market maker. The blanket appointment of XEO options will be effective through January 31, 2002, at which time any market maker wishing to continue trading XEO options on a regular basis will be required to select XEO 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 XEO 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 XEO 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 Angela Schons at 786-7559.