



**TO: Members and Member Organizations**

**FROM: Equity Floor Procedure Committee**

**DATE: June 26, 2002**

**RE: Changes to Automatic Step-up Policy**

The EFPC has determined to eliminate the current mandatory step-up requirement (one-tick for orders up to 20-contracts) applicable to equity options. Instead, EFPC will allow the DPM and trading crowd to recommend to EFPC whether step-up should be applicable in their respective classes/series and, if so, to also recommend the appropriate step-up level amount for those classes/series. Such requests should continue to be made via written application to the EFPC. Upon receipt, EFPC will determine whether to approve the specific requests.

If the DPM and trading crowd disagree on either issue (i.e., whether to offer step-up or the amount of step-up to be offered), the crowd and DPM will appear before EFPC for resolution.

Questions regarding this circular may be addressed to any EFPC member or Anthony Montesano in Trading Operations at (312) 786-7365.