



DATE: July 18, 2003

TO: Members and Member Organizations

FROM: SPX Floor Procedure Committee

RE: RAES Volume Limit Change and RAES Log On/Log Off Requirements for the SPX

The purpose of this circular is to inform members and member organizations of a change in the RAES volume limit for options on the S&P 500 Index ("SPX") and to remind SPX Market-Makers of the RAES log on and log off requirements in SPX.

**RAES VOLUME LIMIT:**

The SPX Floor Procedure Committee has determined that the RAES volume limit for SPX will be **50 contracts** for all SPX series (including LEAPS) with a price of \$50 or less. This change is effective July 19, 2003

**LOG ON REQUIREMENTS:**

Pursuant to CBOE Rule 24.17, any Market-Maker who has logged onto RAES in the SPX at any time during an expiration month, must continue to do so each time he or she is present in the SPX trading crowd until the next expiration. A Market-Maker may not be logged on RAES in the SPX trading crowd unless he or she is physically present in that respective trading crowd.

**LOG OFF REQUIREMENTS:**

Any Market-Maker who has logged onto RAES in SPX must log off RAES whenever he or she leaves the SPX trading crowd for other than a brief interval. A brief interval generally means no more than 10 minutes.

**FEE SCHEDULE FOR FAILURE TO ADHERE TO LOG ON/LOG OFF REQUIREMENTS:**

Except as otherwise provided in the subject Rules, a fee shall be due from any Market-Maker who fails to adhere to the log on or log off requirements as follows:

<b><u>NUMBER OF FAILURES WITHIN A CALENDAR YEAR</u></b>	<b><u>FEE AMOUNT</u></b>
1 - 3	\$100
4 - 6	\$250
7 +	\$500

Fee assessments may be appealed under Chapter XIX of Exchange Rules. The fee assessments do not constitute disciplinary or regulatory action reportable by a Market-Maker to the Securities and Exchange Commission. Please be aware, however, that these fees may be reportable to other organizations or exchanges.

Finally, be advised that Market-Makers who fail to abide to the requirements and obligations of Rule 24.17 may also be subject to disciplinary action under, among others, Rule 6.20 and Chapter XVII of the Exchange Rules. Such failure may also be the subject of remedial action by the appropriate Committee, including, but not limited

to, suspending a Market-Maker's eligibility for participation on RAES and such other remedies as may be appropriate and allowed under Chapter VIII of the Exchange Rules.

Questions regarding the RAES log on and log off requirements in SPX may be directed to the Index Market Development and Market Performance Committee. Questions concerning the SPX RAES volume limit change may be directed to the RAES Supervisors at ext. 4340, or the CBOE Help Desk at (312) 786-7100.