



CBOE Regulatory Circular #RG03-112

December 18, 2003

TO: Members and Member Firms

RE: **Status of Options on the GSTI<sup>TM</sup> Internet Index (GIN)**

FROM: Research Department

Goldman, Sachs & Co. ("Goldman Sachs") has informed CBOE that the GSTI<sup>TM</sup> Internet Index (GIN) will not be re-balanced as of the effective date of its semi-annual re-balancing requirement (Friday, December 19, 2003) because Goldman Sachs has determined that no more than 9 existing stocks accurately reflect the characteristics of the GIN. Because the GIN would have no more than 9 underlying stocks, CBOE will not introduce any new series of GIN options after Friday, December 19, 2003.

Under CBOE rules, the GIN and its underlying stocks must meet certain objective listing criteria in order for CBOE to list options on the GIN. These listing criteria include, but are not limited to minimum market capitalization, minimum number eligible shares outstanding, and a minimum average daily trading volume. Additionally, the GIN also must satisfy a criteria requiring that no single underlying stock represents more than 8.5% of the total market capitalization of its respective index at the time of each semi-annual re-balancing. This equates to a requirement that the GIN must maintain a minimum of 12 underlying stocks. Therefore, as of the date of the next scheduled semi-annual rebalancing, the close of business on Friday, December 19, 2003, GIN will fail to meet the required listing criteria.

CBOE will continue to calculate the value of GIN based on the components and weight caps that were established as of the June 2003 re-balancing and will continue to update the outstanding shares of each GIN component. However, no adjustments will be made to current GIN series.

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