



DATE: February 6, 2006

TO: All Exchange Members

FROM: Regulatory Services Division

RE: Index Option Classes Eligible for NASD Short Sale Rule Option Market-Maker Exemption

The purpose of this circular is to inform market-makers of the current listing of certain index option classes whose components may be eligible for the limited exemption from the NASD Short Sale Rule, pursuant to Exchange Rule 15.10. It is recognized that the exemption is necessary and appropriate for the hedging of certain index options, which have a significant proportion of the underlying value comprised of NASDAQ stocks. Therefore, for index options for which at least 10% of the market capitalization of the underlying index is comprised of NASDAQ stocks, the hedge exemption is available for the NASDAQ stocks in that index, subject to certain restrictions. For a complete description, see Regulatory Circular RG95-40, Options Market-Maker Limited Exemption from NASD Short Sale Rule.

The list of index option classes, which are eligible for the exemption will generally be reviewed on a quarterly basis and published from time to time in the Regulatory Bulletin. Once eligible, a class will become ineligible if at a quarterly review the market capitalization has fallen below 8%. As of this date the index option classes that qualify include the following:

| Stock Symbol | Index |
|-----------------------|-------------------------------------------------|
| CYX | CBOE China Index Options |
| DTX | Dow Jones Transportation Average |
| ECM | Dow Jones Internet Commerce Index |
| GTC | GST TM Composite Index Options |
| INX | CBOE Internet Index Options |
| JXA, JXB, JXD and JXE | Weekly Short-Term S & P 500 Index Options |
| MGO | Morgan Stanley Oil Services Index Options |
| MML | CBOE Mini – NDX Long-Dated Options |
| MNX | MNX SM - CBOE Mini-NDX Index Options |
| MVB | Morgan Stanley Biotech Index Options |
| MVR | Morgan Stanley Retail Index Options |
| NDX | Nasdaq-100® Index Options |
| NFT | Morgan Stanley Multinational Company Index |
| OEX | S & P 100® Index Options - American |
| PVC | CBOE PowerPacks Technology Index |
| PVL | CBOE PowerPacks Internet Index |

| Stock Symbol | Index |
|------------------------|--------------------------------------------|
| PVP | CBOE PowerPacks Biotechnology Index |
| PVU | CBOE PowerPacks Semiconductor Index |
| RAG | Russell 3000® Growth Index |
| RAV | Russell 3000® Value Index |
| RDG | Russell Midcap® Growth Index |
| RLG | Russell 1000® Growth Index |
| RLV | Russell 1000® Value Index |
| RMC | Russell Midcap® Index |
| RMN | Mini-Russell 2000® Index Options |
| RMV | Russell Midcap® Value Index |
| RPY | CBOE PowerPacks SM Retail Index |
| RUA | Russell 3000® Index |
| RUI | Russell 1000® Index |
| RUJ | Russell 2000® Value Index |
| RUO | Russell 2000® Growth Index |
| RUT | Russell 2000® Index |
| RZA, RZB, RZD, and RZE | Weekly Short-Term S & P 100 Index Options |
| SML | S & P® SmallCap 600 Index Options |
| SPL | S & P Long-Dated Options |
| SPX | S & P 500® Index Options |
| TXX | CBOE Technology Index |
| XEO | European-style S & P 100® Index Options |
| XSP | Mini-SPX Index Options |

Any questions in connection with this circular should be directed to Joanne Heenan at (312) 786-7786, Department of Market Regulation.

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