

Date: September 27, 2006

Regulatory Circular #97- 134

To: Members

From: The Market Performance Committee

Re: RAES Participation Requirements Respecting Non-OEX/SPX Option Classes

The Market Performance Committee (the "Committee") is issuing this Regulatory Circular to remind all market makers and DPMs of their obligations under Exchange Rules with regard to RAES. A market maker (including a market maker who has been appointed as a DPM) may log onto RAES in a particular option class only in person and may remain logged onto the system only so long as the market maker is present in that trading crowd.

The Log-on Requirement: Exchange Rules provide that any market maker who has logged onto RAES at any time during an expiration cycle for a given class of options must log onto RAES in that class whenever the market maker is present at that trading station until expiration. Exchange Rules also provide the Committee with the authority to suspend members from RAES participation if those members do not comply with the provisions of Rule 8.16. The suspension from participation on RAES could extend to in all options classes traded at that station for a period of time to be determined by the Committee. In addition, members may be subject to disciplinary action under Chapter XVII of the Exchange Rules. (This enforcement policy is not applicable to members who are required by Floor Officials to log onto RAES on an intra-day basis pursuant to Rule 8.16(c)).

The Log-off Requirement: Exchange Rule 8.16 requires any market maker who has logged onto RAES at a trading station on any given trading day to log off RAES whenever the market maker leaves the trading crowd for more than "a brief interval." The phrase "a brief interval" has been determined by the Committee to mean five minutes or less. Accordingly, any market maker who has logged onto RAES during a trading session must log off the system prior to leaving the trading crowd for more than five consecutive minutes. Members who violate this requirement may be assessed fees in accordance with the following fee schedule:

<i>Number of Failures in a Twelve Month Period</i>					<i>Fee Amount</i>
1-3	.	.	.	.	. \$100
4-6	.	.	.	.	. \$250
7+	.	.	.	.	. \$500

Although fee assessments may be appealed under Chapter XIX of Exchange Rules, the fee assessments will not constitute disciplinary action reportable to the Securities and Exchange Commission.

Violations of Exchange Rules as outlined in this circular should be reported to Market Performance Committee members. Any questions regarding the foregoing RAES enforcement policies may be directed to Market Performance Committee Members or Daniel Hustad at (312) 786-7715.