The Chicago Board
Options
Exchange

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Regulatory Circular #RG97-

To: Members and Member Firms   January 31, 1997
From: Systems and Trading Operations
Re: **Four digit strike prices**

As CBOE approaches the 1000 mark (4 digit) on NDX, SPX, and OEX, some changes to trading are in order. Those changes are as follows:

New Strike Prices
CBOE will issue a separate class for each underlying security that goes above 1000 (e.g. NDX will go to NDV). That class will contain a 3 digit strike price with the leftmost digit truncated. The 1020 series will become the 20. The 1000 will not be listed to avoid confusion.

Auto Quote & Market-Maker Terminal
CBOE will use a four digit strike price when calculating theoretical values and positions.

OCC
The OCC will display and calculate only in four digit numbers.

Trade Input Submission & Matching
The Trade Match system will accept data in 3 digit form only.

CBOE Internal Displays
All CBOE display systems - RCN, WDN, and Data Wall - will display 3 digit strike prices only. At the same time, quote vendors' (ILX, ADP, and others) will display **either** 3 or 4 digit strike prices, depending on the vendor.

Orders
Orders will be received and fill reported in either 3 or 4 digit strike price format, depending on the firm's capability. Orders **must** be consistent within firm (only 3 digit or only 4 digit for strikes over 1000).

OPRA and Quote vendors
Since OPRA data vendors process market information in OPRA codes, the move to four digits is immaterial. Vendors may display either the 3 digit or 4 digit strike price.

Other CBOE internal systems
In all other internal CBOE systems (e.g. Electronic Book), only the 3 digit strike price will be used.

Thank you for your cooperation. If questions arise, please contact Steve Chodash (Systems) 786-7624 or Tim Watkins (Market Operations) at 786-7172.