

Regulatory Circular No. #97- 171

Date: December 18, 1997

To: Members and Member Firms

From: The Market Performance Committee

Re: Options on the Standard and Poors 500 Index (SPX)

On November 7, 1997, the Market Performance Committee (MPC), by its authority under the provisions of Exchange Rule 8.7(b)(iv), had temporarily established modified maximum bid/ask differentials in the options on the Standard and Poor's 500 Index (see Regulatory Circular No. #97- 147). After noting the changed conditions in the characteristics of the underlying basket of stocks and futures contracts, the Committee has determined to narrow the maximum bid/ask differentials in S & P 500 options to twice as wide as the markets allowed under the provisions of Rule 8.7. These new bid/ask differentials which will become effective as of the opening on December 22, 1997, are the maximum allowable, and in many instances may be narrower.

This modification to Rule 8.7(b)(iv) will be continue to be reviewed by the Market Performance Committee.

Any questions regarding this memorandum may be directed to Daniel Hustad at (312) 786-7715.