

Regulatory Circular RG99-159

DATE: July 28, 1999

TO: Exchange Market-Makers

FROM: The Regulatory Services Division

RE: RAES Eligibility in SPX, OEX and DJX

Market-Makers who participate on RAES in SPX, OEX or DJX must adhere, among other things, to the following requirements pursuant to Exchange Rules 24.16 and 24.17:

LOG ON REQUIREMENTS:

Any Market-Maker who has logged onto RAES in OEX, DJX or SPX at any time during an expiration month, must continue to do so each time he or she is present in that respective trading crowd until the next expiration. A Market-Maker may not be logged on RAES in a trading crowd unless he or she is physically present in that respective trading crowd.

LOG OFF REQUIREMENTS:

SPX: Any Market-Maker who has logged onto RAES in SPX must log off RAES whenever he or she leaves the SPX trading crowd for other than a brief interval. A brief interval generally means no more than 10 to 15 minutes.

OEX/DJX: Any Market-Maker who has logged onto RAES in OEX or DJX must log off RAES whenever he or she leaves the respective trading crowd. Please be reminded that Rule 24.17 does not allow a market-maker to remain logged on RAES in OEX or DJX while absent from the respective trading crowd for a brief interval.

FEE SCHEDULE FOR FAILURE TO ADHERE TO LOG ON/LOG OFF REQUIREMENTS:

Except as otherwise provided in the subject Rules, a fee shall be due from any market-maker who fails to adhere to the log on or log off requirements as follows:

<u>NUMBER OF FAILURES WITHIN A CALENDAR YEAR</u>	<u>FEE AMOUNT</u>
1 - 3	\$100
4 - 6	\$250
7 +	\$500

Fee assessments may be appealed under Chapter XIX of Exchange Rules. The fee assessments do not constitute disciplinary or regulatory action reportable by a Market-Maker to the Securities and Exchange Commission. Please be aware, however, that these fees may be reportable to other organizations or exchanges.

Finally, be advised that Market-Makers who fail to abide to the requirements and obligations of Rule 24.16 or 24.17 may also be subject to disciplinary action under, among others, Rule 6.20 and Chapter XVII of the Exchange Rules. Such failure may also be the subject of remedial action by the appropriate Committee, including, but not limited to, suspending a Market-Maker's eligibility for participation on RAES and such other remedies as may be appropriate and allowed under Chapter VIII of the Exchange Rules.

Members should refer to Rule 24.16 and Rule 24.17 for a complete description of the requirements and obligations under each respective rule. Questions concerning this circular, Rule 24.16 or Rule 24.17 may be directed to Melissa Becker at (312) 786-7362.