

Regulatory Circular #RG99-178

Date: September 10, 1999

To: Designated Primary Market Makers (DPMs)

From: Regulatory Services Division

Re: Displaying the True Size and Prices of Bids and Offers in the Book

The Regulatory Services Division would like to remind all Designated Primary Market Makers (DPMs) and those approved to act on behalf of DPMs that Exchange Rule 8.80(c)(8) obligates DPMs to display bids and offers in the Book pursuant to Exchange Rule 7.7.

DPMs are reminded that Exchange Rule 7.7 requires a DPM to continuously display in a visible manner the highest bid and lowest offer, along with the number of contracts bid for at the highest bid and offered at the lowest offer in the Book in each appointed option class. It is inappropriate for a DPM or its staff, in the course of fulfilling their obligations, to suppress the true size and/or price of a book bid or offer.

The suppression of Book size or price could constitute violations of Exchange Rule 7.7 as well as rules concerning due diligence and just and equitable principles of trade.

Questions regarding the obligations of DPMs should be directed to Ann Grady at (312) 786-7733, Douglas Beck at (312) 786-7959 or Daniel Hustad at (312) 786-7715.