

Regulatory Circular RG99-180

Date: September 15, 1999

To: Members and Member Organizations

From: Equity Floor Procedure Committee

Re: Implementation of Variable RAES

At its meeting on Thursday, September 2, the Equity Floor Procedure Committee approved the implementation of Variable RAES for all equity option classes and all narrow-based index option classes. Variable RAES permits a market-maker to specify the maximum number of contracts that he is willing to trade on any turn on the RAES wheel.¹ The Equity Floor Procedure Committee has the authority, however, to specify the minimum number of contracts which a market-maker must be willing to designate as his maximum on Variable RAES. For now, the Equity Floor Procedure Committee has determined to establish the minimum as one contract, meaning that a market-maker may specify on Variable RAES any number of contracts between one and the RAES contract limit for that option class.

If any member wishes to provide comment to the Equity Floor Procedure Committee about the decision to implement Variable RAES or about the decision to establish the minimum contract limit at one contract, please provide your written comments to Timothy Thompson, Legal Department (ext. 7070) or to Karen Calvin, Division of Market Regulation (ext. 7759) by next Tuesday, September 21. The Equity Floor Procedure will consider any comments received at its meeting on Wednesday, September 22.

¹ Depending on the number of contracts in a RAES order and the number of market-makers logged onto the RAES wheel at any one time, a market-maker may receive more than one turn on the RAES wheel for a particular order.