



CBOE Regulatory Circular #RG99-183

DATE: September 16, 1999

TO: Members and Member Firms

RE: **Re-Balance of the GSTI Composite Index (GTC) and GSTI Sub-Indexes (Hardware (GHA), Internet (GIN), Semiconductor (GSM), Services (GSV), Software (GSO) and Multimedia Networking (GIP))**

FROM: Bill Speth

CBOE has been informed that Goldman, Sachs & Co. ("Goldman Sachs") will revise certain of its guidelines for the GSTI Composite (GTC) and the weighting criteria for the six GSTI Sub-Indexes (Hardware (GHA), Internet (GIN), Semiconductor (GSM), Services (GSV), Software (GSO) and Multimedia Networking (GIP)). These changes will become effective after the close on Friday, September 17.

Outstanding options series for the GSTI Composite Index and the six Sub-Indexes will continue to settle based on the present rules and calculation method, but will be traded under new ticker symbols. No new series will be added.

GHA and GIN are the only indexes with open interest beyond September expiration and will be the only indexes for which CBOE will run parallel calculations.

CBOE will continue to calculate the GSTI Hardware and GSTI Internet Indexes using the current index methodology (the "Old Indexes") until the open interest in these classes expires in order to facilitate options trading. The "Old Indexes" will be disseminated by the CBOE under the symbols **GHO – GSTI Hardware Index "Old"** and **GIO – GSTI Internet Index "Old"**. The index levels based on the revised methodology (the "New Indexes") will be traded under the current set of symbols.

#### **Adjustment to Current Option Series**

All GSTI Hardware and GSTI Internet options series outstanding on September 17 will continue to settle based on the "Old Indexes" (GHO and GIO). The settlement value symbols for GHO contracts will be **GMO**; and GIO will be **GPO**.

#### **New Option Series**

Options based on the "New Indexes" will be listed on September 20, 1999 under the following symbols:

Current Symbol	Strikes	Expiration Months
<b>GTC</b>	290 - 380	Oct, Nov, Dec 1999
<b>GHA</b>	380 - 460	Oct, Nov, Dec 1999
<b>GIN</b>	330 – 550, 400, 500	Oct, Nov, Dec 1999
	350 – 550	Mar 2000
<b>GSM</b>	280 -360	Oct, Nov, Dec 1999
<b>GSV</b>	130 - 150	Oct, Nov 1999

<b>GSO</b>	260 - 320	Oct, Nov, Dec 1999
<b>GIP</b>	290 - 340	Oct, Nov, Dec 1999

Additional symbols may have to be used for other strike prices. The settlement value symbols for options based on the "New Indexes" will be current settlement symbols. The new series to be listed will be determined by the Exchange and disseminated by Thursday, September 16.

### **Position Limits**

Any combination of options based on the "Old Indexes," GHO and GIO, and options based on the "New Indexes," GHA and GIN, can not exceed 9,000 contracts.

### **Calculation of the New Index**

The new index methodology is intended to expand the universe of technology stocks that can be considered for inclusion in the indexes and to make the indexes more diversified. To implement the change, CBOE will conduct a "special re-balancing," in which the maximum weight cap of each Sub-Index component is limited to 12.5% of the aggregate index weight. After the "special re-balancing," CBOE will continue to re-balance the index semi-annually, in January and July.

On Wednesday, September 15, CBOE made the new index shares available to interested parties.

Questions regarding this memo can be addressed to the CBOE Investor Services Department at 1-800-OPTIONS (1-800-678 4667).