

**Regulatory Circular RG99-222**

**Date:** December 9, 1999

**To:** Membership

**From:** Modified Trading System (MTS) Appointments Committee

**Re:** DPM Participation Rights

As the membership was previously informed, earlier this year the MTS Committee proposed reducing the DPM participation right to 30%. The Securities and Exchange Commission has now approved this change. Accordingly, the following shall be now applicable with respect to DPM participation rights.

To the extent established by the MTS Committee, a Designated Primary Market-Maker ("DPM") has the right to participate for its own account with the Market-Makers present in the trading crowd in transactions in securities allocated to the DPM that occur at the DPM's previously established principal bid or offer.

Effective on December 10, 1999, the level of participation that a DPM may assert in transactions that occur at the DPM's previously established principal bid or offer will be changed to 30%. Except as described below, this 30% participation right will apply to all classes that are allocated to DPMs regardless of the volume in a particular class or whether or not the class is multiply listed.

Although a DPM's participation right will generally be 30% as provided above, the MTS Committee retains the authority to condition a DPM's appointment in accordance with the Rules by establishing a lower participation right in a class or classes allocated to the DPM. The MTS Committee will publish a circular notifying the membership of the DPM participation right in any classes for which a DPM's participation entitlement is lower than 30%.

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