



400 S. LaSalle  
Chicago, Illinois 60605  
(312) 786-5600  
FAX (312) 786-7409

RG 00-135

Date: September 7, 2000

To: DJX, MNX, NDX and OEX Traders

From: Index Floor Procedure Committee

RE: **Variable RAES**

At its meeting on Wednesday, September 6, the Index Floor Procedure Committee ("IFPC") authorized the use of Variable RAES in DJX, MNX, NDX and OEX. This functionality allows market makers to individually specify a maximum quantity per turn on the "RAES Wheel". **Market makers may choose their own RAES participation level by manually changing their RAES volume parameter to as low as five contracts.** OEX Market makers may continue to set their RAES volume parameter to one contract when a fast market has been declared in OEX. Once the OEX is taken out of a fast market, market makers will have to manually reset their volume level to no less than 5 contracts.

**RAES eligible orders can be assigned to multiple market makers:**

If a RAES order quantity exceeds a market maker's maximum volume, the market makers will only be assigned the quantity equal to their limit. The balance of the order will continue to be assigned to the next market maker on the RAES Wheel up to that market maker's limit and so on to as many market makers as needed to completely fill the customer RAES order. It is still possible for a market maker to be assigned a lesser quantity on any given turn, depending on the size of the customer order.

**Market Maker Instructions:**

The market maker volume parameter is on the RAES Login screen. This allows market makers the ability to change their maximum quantity that RAES will allocate each time their acronym comes up on the Wheel. On the RAES Public Menu, enter acronym & password and press PF3/15 to display the profile of classes. Tab to the volume field after the appropriate class. Overtyping the existing volume with the new volume, and press PF3/15 to complete the login. This process must be completed for all symbols associated with a given index product (i.e., for S&P 100 options this would include OEW, OEX, OEY and OEZ). **Changes must be made prior to login.** Changes to the new quantity field CANNOT be made for classes that are already logged in. If a change is desired for a logged in class, the market maker must first log out of that class, update the volume, then log back in.

If any member wishes to provide comment to the IFPC about the decision to implement Variable RAES or about the decision to establish the minimum contract limit at 5 contracts, please provide your written comments to Andy Lowenthal (786-7180) by next Thursday, September 14. The IFPC will consider any comments received at its meeting on Thursday, September 21.

For questions relating to RAES Login, please contact the RAES Supervisors at x-4340. For questions related to the IFPC's authorization to implement Variable RAES, contact any member of the Committee or Andy Lowenthal 786-7180.