

Regulatory Circular RG01-83

Date: June 13, 2001

To: Members and Member Firms

From: Regulatory Services Division

RE: **RAES Eligibility in SPX**

A rule filing has been approved by the SEC amending Rule 24.16, *RAES Eligibility in SPX*. Rule 24.16 has been amended to: (1) eliminate the requirement that an SPX market-maker must execute at least 50% of his or her market-maker contracts for the preceding calendar month in SPX, (2) eliminate the requirement that an SPX market-maker must execute in-person at least 75% of his or her market-maker trades for the preceding calendar month in SPX, and (3) eliminate the cap on the maximum number of market-makers that may participate in a RAES group in SPX.

RAES Eligibility Requirements

The Rule, as amended, provides that a market-maker may log onto RAES in SPX if the market-maker has signed the RAES Participation Agreement and completed the RAES instructional program, has been approved by the Exchange as a market-maker with a letter of guarantee, and is maintaining his or her principal business on the Exchange as a market-maker. Members are reminded that a market-maker must be present in the SPX trading crowd while he or she is participating in RAES for SPX.

RAES Groups

Rule 24.16(e)(i) previously required that a RAES group in SPX could not exceed the lesser of (1) 33 1/3 % of the average number of RAES participants for the prior quarter, or (2) a smaller maximum number set by the appropriate Committee. This requirement has been eliminated from the Rule.

Log Off Requirements

Any market-maker who has logged onto RAES in SPX must log off RAES whenever he or she leaves the SPX trading crowd for other than a brief interval. The Index Market Performance Committee has defined a brief interval in SPX to mean no more than 10

minutes.

Questions relating to these changes may be directed to Pat Cerny at 786-7722 or to Joanne Heenan-Hustad at 786-7786 in the Department of Market Regulation.