

Regulatory Circular No. #98-77

Date: July 7, 1998
To: All Members
From: Modified Trading System (MTS) Appointments Committee
Re: DPM Participation Rights

In conjunction with the membership vote to eliminate the DPM volume cap, and its present policy which reduces the minimum participation rights of DPMs, the Modified Trading System (MTS) Appointments Committee has reviewed the average daily volume of those option classes traded at the various DPM stations across the trading floor. Based on that review, and in accordance with Exchange Rule 8.80, the Committee has determined that the level of participation that a DPM may assert in transactions which occur at his principal bid or offer will be as follows:

<u>Average Daily Volume Over Previous Calendar Quarter</u>	<u>Participation Right During Next Calendar Quarter</u>
Up to 2500 contracts	40% per trade
From 2501 to 5000 contracts	30% per trade
Over 5000 contracts	No guaranteed participation

Based upon the average daily contract volume during the calendar quarter ending June 30, 1998, all DPM assigned classes which are not multiply traded will be treated according to the above schedule. Therefore, pursuant to the above schedule for the 3rd Quarter of 1998, the following is a listing of those option classes where a DPM has a participation right other than 40%.

<u>Class</u>	<u>Participation Right</u>
Bay Networks, Inc. (BAY)	No guaranteed participation
Oracle Corporation (ORQ)	No guaranteed participation
Mellon Bank (MEL)	No guaranteed participation
Baan Company NV (BQF)	30%
Russell 2000 Index (RUT)	30%
Samsonite Corporation (QDS)	30%
United States Filter Corporation (USF)	30%

The MTS Committee has determined to maintain all multiply traded option classes at the 40% participation level until further notice.

Any questions concerning this memorandum may be addressed to Daniel Hustad at 786-7715 or to a member of the MTS Committee.