

Regulatory Circular RG 98-117

Date: October 23, 1998

To: Members and Member Firms

From: The Equity Floor Procedure Committee
The Market Performance Committee

Subject: RAES Expansion in Equities

As a result of its ongoing review of competitive issues and pursuant to its authority under Exchange Rule 6.8 - RAES Operations in Equity Options, the Equity Floor Procedure Committee ("EFPC" or "the Committee") has determined to increase the size of option orders eligible for entry onto RAES for all classes subject to its jurisdiction, including all equity classes and all index option classes other than DJX, NDX, OEX and SPX. In order to better meet the needs of CBOE customers, the EFPC has determined that effective November 9, 1998, all series in the aforementioned option classes which are currently RAES eligible for 10 contracts or less, will now be RAES eligible for 20 contracts or less. The EFPC may consider certain option classes exempt from this policy. Trading crowds must apply in writing to the EFPC to request an exemption from this increase for one or more option classes traded at their respective trading station.

In recognition of this change and pursuant to its authority under Exchange Rule 8.16(a)(iii) - RAES Eligibility in Option Classes Other Than DJX, beginning November 9, 1998, the Market Performance Committee will grant all market-makers who are currently logged onto RAES in equity classes and all index classes other than DJX, NDX OEX and SPX, a one time exemption ("Exemption") from the RAES log on requirements during the current expiration cycle. **A market-maker who has logged onto RAES in the aforementioned classes prior to November 9, 1998 will be exempt from the RAES log on requirements in that option class whenever he or she is present in that trading crowd through the end of the current expiration cycle. However, should the market-maker log onto RAES on or after this date, the Exemption will no longer be effective, and the market-maker must log onto RAES whenever he or she is present in the trading crowd through the remainder of the then current expiration cycle.**

Any questions concerning this circular may be forwarded to any member of the Equity Floor Procedure Committee, Tim Watkins in Market Operations at (312) 786-7172 or Dan Hustad in Market Procedures and Planning at (312) 786-7715.