

PCX OPTIONS

REGULATORY INFORMATION BULLETIN

RBO-00-26
October 10, 2000

TO: All Options Floor Members

FROM: Options Allocation Committee (OAC)

SUBJECT: Amended Application Form

The Options Allocation Committee (“OAC”) approved an amendment to the Application Bid Sheet (“Bid Sheet”) executed by Lead Market Makers (“LMMs”) applying for allocations. A copy of the new Bid Sheet is attached for your review and use.

I. Disclosure of Market Size Commitment – Question 9

LMMs are requested to provide the OAC with specific information regarding market size commitments pledged during the allocation process. The revised question requires disclosure of *Disseminated/Screen* and *Auto-Ex* market sizes only. LMMs are advised NOT to include market size information for *Quoted* markets as this criterion is not used in OAC’s allocation process.

LMMs that pledge the maximum contract size for *Auto-Ex* (i.e., 50 contracts) can also pledge a higher commitment for *Disseminated/Screen* markets. The *Disseminated/Screen* market size may not be less than the market size commitment for *Auto-Ex*.

The revised question is intended to assist the OAC in making informed and fair allocation decisions.

II. PCX Rules 6.82(c)(2), 6.86(a) and 6.87(b)

PCX Rule 6.82(c)(2) requires LMMs to honor guaranteed markets, including 20 up markets required by PCX Rule 6.86(a) and any better market pledged during the allocation process. PCX Rule 6.87(b) specifies that the maximum order size for execution through *Auto-Ex* is 50 contracts.

The *Disseminated* market is assumed to be **20 up** unless an LMM wishes to guarantee a market greater than 20 up. LMMs should specify the proposed size of markets to be guaranteed if greater than 20 up for *Disseminated* and *Auto-Ex* categories.

III. New Bid Sheet Effective Date

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Effective at the opening of business on Friday, October 20, 2000, Committee Administration and OAC will **ONLY** accept applications for issues filled out on the new Application Bid Sheet.

LMMs applying for issues are reminded to disclose detailed information for ALL categories listed on the Bid Sheet.

As a reminder, PCX Rule 6.82(e)(1) requires that OAC weighs the following factors in determining the most qualified LMM for an issue: *trading experience; capital adequacy; willingness to market; operational capacity (including support personnel); rule and regulation compliance; performance evaluations; and any other relevant criteria as specified.* Please refer to RBO-00-008 dated May 10, 2000 for additional information regarding factors applied by OAC.

Questions regarding this Bulletin may be directed to Matthew M. Zahner, OAC Chair, Christopher Gleason, OAC Vice Chair, Michael A. Tomars, Director, Securities Qualification & Committee Administration at 393-4254 or Jesamin Yip, OAC Committee Administrator at 393-7848.