

Draft #1 June 30, 2000

Underling indicates additions; [brackets] indicate deletions.

Rule 710. Minimum Pricing Variations [Fractional Changes]

(a) – (c) No change.

(d) Conversion to Decimal Pricing Increments. Notwithstanding any other provision of this Rule, the Exchange will convert to decimal pricing increments for all options traded on the Exchange by April 9, 2001, or by such other date as the President of the Exchange shall determine consistent with any order issued by the Securities and Exchange Commission. The President shall determine the schedule for this conversion, and shall designate those options that will trade in decimal increments during the conversion process. Decimal pricing increments shall be as follows:

(1) if the options contract is trading at less than \$3.00 per option, \$.05; and

(2) if the options contract is trading at \$3.00 per option or higher, \$.10;

provided that the President shall have the ability to designate certain options as trading at an increment of \$.01 as part of a pilot program conducted in conformity with a plan filed with, and approved by, the Securities and Exchange Commission.