

POLICY T-4

FUTURES OPTIONS MARKET-MAKER POLICY

(20.03.91, 07.04.94)

1. Organization of the Market

Futures options are traded by open outcry in the designated trading pit. Unless otherwise indicated, articles 6841 to 6866 of Rule Six shall apply to the trading of futures options.

In addition, market-makers designated by the Exchange have the obligation to maintain markets in futures options in the manner described in paragraph 2 below.

2. Obligations of Market-Makers

Each market-maker has the following obligations:

- a) have a representative on the floor at all times who shall wear the distinctive signs required by the Exchange, identifying him as a market-maker. For the purpose of this Policy, the Floor shall be defined as the designated futures options pit and the immediate surrounding area.
- b) at all times and for all series designated by the Exchange, to display indicative prices on the Exchange boards.
- c) at the request of the Exchange or of other traders, to be in the pit and quote a two-sided market within a maximum bid ask spread prescribed by the Exchange and, at the prices quoted, agree to buy or sell up to a number of contracts determined by the Exchange.

Obligations of market-makers shall be temporarily lifted as soon as the market for the options contract or the underlying futures contract is designated "Fast market" pursuant to article 6860 of Rule Six or if the underlying futures contract has reached the daily price limit pursuant to article 6809 of Rule Six.

3. Market-Maker Performance Evaluation

A committee designated by the Board of governors shall evaluate, at least every quarter, the performance of market-makers.

Following each evaluation, the Committee shall make recommendations to the Exchange to:

- a) maintain or abolish the market-maker system;
- b) withdraw the assignment of any existing market-makers and/or assign new market-makers.

In its evaluations, the Committee shall consider:

- i) the overall volume and its perception of the liquidity in the market;

- ii) the record of the market-maker, particularly in terms of availability on the floor and of the quality of his quoted markets;
- iii) the volume traded as market-maker;

Following each evaluation and taking into account the recommendations of the Committee, the Exchange shall determine whether changes are to be made in market-maker assignments.