

## Regulatory Circular RG01-25

Date: February 20, 2001

To: Membership

From: Department of Market Monitoring and Legal Division

Re: DPM Clerk Administrative and Operational Policies

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The following are practices that DPMs and DPM clerks should follow to operate within established Exchange Rules:

- All crowd members must announce their bid or offer for Book orders loud enough so that both the DPM member and the DPM clerk at the Book hear the announcement.
- A DPM clerk may not accept a bid or offer; this must be done by the DPM member. Instead, the DPM clerk may relay to the DPM member a bid or offer made by a crowd member.
- Upon the DPM member's acceptance of the bid or offer from a crowd member, the DPM clerk may then confirm the details of the trade with the crowd, including sending an electronic endorsement of such transactions.
- A DPM member must determine the priority/sequence of bids/offers made by individual members (who was first, etc.). A DPM clerk may inform the DPM member of his/her observations as to the sequence in which members made bids/offers, but the ultimate decision must be made by the DPM member.

*During opening rotation (in DPM stations where ROS has been implemented some of these practices are rendered unnecessary because these functions are performed by the automated system.):*

- A DPM member must set the opening price.
- A DPM member or clerk must announce the order imbalance to the crowd. (e.g., If the Book has 90 to buy vs. 100 to sell, the DPM member or clerk must announce on behalf of the Book: 90 to be crossed, and 10 to sell).

*Handling EBook Live Ammo:*

- A DPM member or clerk must announce all Live Ammo orders, including crossable orders, to the crowd. Only the DPM member may accept a bid or offer for these orders or execute the cross transaction.
- A DPM member must authorize and acknowledge all crosses between Live Ammo and orders resting on the Book.
- Only DPM members may trade the DPM principal account with a Book order.
- The DPM member must acknowledge the execution of all Book trades, including Live Ammo.

*Handling PAR activity:*

- DPM clerks are allowed to Book, with the knowledge of the DPM member, all orders from PAR which are eligible to be Booked, even if the order being Booked changes the market.
- DPM clerks may announce to the crowd the size available at a given price, but must not make a bid or offer in representation of a PAR order.
- DPM clerks may announce crossable or marketable orders on PAR to the DPM member and the crowd, however, the DPM member must actually execute these orders.
- DPMs are reminded that all Book eligible orders on PAR that are not immediately executable must be Booked, unless the customer who placed the order has requested that the order not be Booked. In this situation, upon receipt of the order, the DPM must announce the information concerning the order that would be displayed if the order were a displayed order in the Book.

*Other notable practices which some DPMs have implemented in their operations:*

- Place a duplicate Book screen and keyboard in the station, where it is viewable and accessible to the DPM member in the crowd.
- Designate one or more DPM members to directly supervise and/or represent the Book.
- Train and approve additional nominees or members registered for an affiliated member organization of the DPM to act on behalf of the DPM, including its Book functions, to facilitate staffing in unusual market circumstances.
- Configure stations to facilitate Book communications with the trading crowd.

Any questions regarding this memorandum should be directed to the Department of Market Monitoring, Douglas Beck at (312) 786-7959 or Karen A. Charleston at (312) 786-7724.

(RG00-066; Revised)