Regulatory Circular RG91-72

Date: December 25, 1991

To: Members

From: Regulatory Services Division

Re: Closing Rotations on December 31, 1991

The Tax Reform Act of 1984 provides that open option positions held by market-makers at year end will be marked-to-the-market in order to calculate profits and losses for tax purposes. The Equity and Index Floor Procedure Committees have addressed the importance of this mark-to-the-market provision and have directed that, in the interest of fair and orderly determination of closing prices, a closing rotation will be held in all option classes on December 31, 1991. The rotations will begin at the close of trading in each class.

Rules of conduct relating to the establishing of mark-to-the-market values and trading rotations will be in full force and effect.

Any questions may be directed to Barbara Casey (312) 786-7712 or Jeff Schroer (312) 786-7716.

Regulatory Circular RG91-73

Date: December 16, 1991

To: Members and Member Firms

From: Regulatory Services Division

Re: "Crossing" Orders

Exchange Rule 6.74(a), **"Crossing" Orders,** requires that a Floor Broker who holds orders to buy and sell the same option series may cross such orders, provided that the Floor Broker requests bids and offers for such option series **in open outcry and allows the crowd a reasonable amount of time to respond.** A cross should only be effected after the trading crowd has been given an opportunity to participate.

Floor Brokers who are associated with the same member organization are not prohibited from trading with one another; however, they should take special care to announce bids and offers in open outcry and ensure that the crowd has been given a reasonable amount of time to respond before effecting transactions with each other.

The Regulatory Services Division will be monitoring all cross transactions, and all OEX transactions done between Floor Brokers who are associated with the same member organization, especially transactions involving orders for market-maker accounts. Transactions which appear to violate Exchange Rules will be forwarded to the Business Conduct Committee for appropriate disciplinary review.

Members are reminded that a report identifying all cleared cross transactions from the previous day is available from the OBO for members' review on a daily basis. This report will be modified to include all OEX transactions executed between Floor Brokers who are associated with the same member organization.

Questions may be directed to Barbara Casey (312) 786-7712 or Jeff Schroer (312) 786-7716, of the Regulatory Services Division.

Regulatory Circular RG91-74

Date: December 25, 1991

To: Members, Persons Associated with Members, and Exchange Employees

From: Legal Department

Re: Audio Visual and Recording Devices on the Trading Floor

Members, persons associated with members, and Exchange employees are reminded of the following Exchange Policy Concerning Audio Visual and Recording Devices on the Trading Floor, which was approved by the Office of the Chairman on September 27, 1988: