

**Regulatory Circular RG92-47**

**Date: October 14, 1992**

**To: Members**

**From: Regulatory Services Division**

**Re: Joint Account Trading In OEX and SPX Indexes**

This memorandum addresses procedures previously established by the Index Floor Procedure Committee ("IFPC") regarding the trading activities of joint account participants in the OEX and SPX index option classes. These procedures supplement Exchange Rules regarding transactions on the floor by members. Additional procedures for joint accounts trading on RAES are contained in the rules and memoranda regarding the operations and eligibility requirements for that system.

The IFPC has determined that the following procedures apply to the trading of joint accounts in OEX and SPX index options:

1. Joint accounts may be simultaneously represented in index crowds by participants trading in-person for the joint account.
2. Joint account participants who are not trading in-person in an index crowd, may enter orders for the joint account with floor brokers even if other participants are trading the same joint account in-person.
3. When series are simultaneously opened during rotation, joint account participants trading the joint account in-person may enter orders for the joint account with floor brokers in series where they are unable to trade the joint account in-person.
4. There is no restriction in OEX on the number of joint account participants that may participate on behalf of the joint account on the same trade, however, in SPX only one joint account participant may participate on behalf of the joint account on the same trade. **Further, joint account participants may not participate on opposite sides of a transaction involving the joint account.**
5. When joint account participants are trading in a crowd for their individual account or as a floor broker, another participant of the joint account may trade for the joint account in-person or enter orders for the joint account with floor brokers.
6. Except for the exemption described in number 7, members are reminded that they are prohibited from entering orders for their individual or joint accounts while they are trading in-person in an index crowd even if the orders are for an account they are not then actively trading.
7. Notwithstanding the restriction described in #6, RAES group managers may enter orders with floor brokers for the RAES joint account if the manager is trading in-person for his individual account in the index crowd. If the manager is trading in-person for the joint account the manager may not enter an order for the joint account with a floor broker.

CLERKS MAY NOT ENTER ORDERS VIA THE USE OF RAES TATS BY GIVING THEM TO FLOOR BROKERS TO CLOSE-OUT POSITIONS.

8. Members must ensure that they do not trade in-person or by orders such that any of the following results:
  - (a) a trade occurs between a joint account participant's individual market-maker account and the joint account he or she is a participant of, or
  - (b) a trade occurs between two joint accounts that have common participants or
  - (c) **a trade occurs in which the buyer and seller are representing the same joint account and are on opposite sides of a transaction.**
9. Joint account participants may not act as a floor broker for the joint account of which they are a participant;
10. Members may alternate trading in-person for their individual account and their joint account while in the crowd.

#### **Joint Account Identification**

The proper procedure for completing a trade ticket for joint account transactions is that both the member's and joint account acronym must be included. This information is required to insure that the initiating joint account member receives credit for such transactions as they relate to reporting and market performance obligations set forth in Exchange Rules 6.51 (d) and 8.7.03. Sample trade tickets which illustrate the proper manner of completing trade tickets are attached.

Requests for exemptions from the above procedures should be directed to the IFPC.

**This Regulatory Circular RG92-47 represents a revision of Regulatory Circular RG91-57 in order to clarify the matters reflected in paragraphs 4. and 8(c) above.**

Questions regarding this memorandum may be directed to either Pat Cerny, at (312) 786-7722 or Karen Charleston at (312) 786-7724 in the Division's Department of Market Surveillance.

(RG91-57 Revised)