IMPORTANT

Regulatory Circular RG93-33

DATE: **May 18, 1993**

TO: **Members & Member Firms**

FROM: **Floor Directors, Equity Floor Procedure Committee**

RE: **Opening Rotations in Equity Classes**

Reverse Rotations

Please be advised that the Equity Floor Procedure Committee, pursuant to Rule 6.2, has determined to reverse the sequence of opening rotations in equity options, effective Monday, May 24, 1993 (the "effective date"). Accordingly, commencing on the effective date, the OBO or DPM[1] ordinarily will first open the one or more series of options of a given class having the most distant expiration, then proceed, in sequence, to the series of options having the nearest expiration (the "front month"), until all series have been opened.

Thus, on the effective date, the **Exchange will henceforth employ a reverse order of rotation to open all option series in equity classes** on the Exchange trading floor. Within each expiration month, the Order Book Official or DPM will generally open all the calls then all the puts (open all Dec calls, all Dec puts, all Nov calls, all Nov puts); however, the Order Book Official or DPM may choose to alternate the opening of call and put series within a given expiration month (Dec 40 calls, Dec 40 puts, Dec 45 calls, Dec 45 puts).

A DPM or OBO may conduct the opening rotation in another manner only with the approval of two Floor Officials or at the direction of the Equity Floor Procedure Committee, as provided in Exchange Rule 6.2.01.

Utilizing reverse rotations is intended to increase the speed with which opening rotations are conducted, facilitate the Order Book's or DPM's ability to process customer orders in the front months, and provide for consistency across the Exchange equity floor. Further, reverse rotations have proven very effective in crowds that are experiencing busy trading conditions and should minimize the need for "fast markets" to be declared. Finally, reverse rotations ensure that the most actively-traded series (typically the front month) receive the benefit of the freshest market quote vis-a-vis the underlying stock, before the class is opened for free trading.

Please direct any comments or concerns to Gregory R. Rich (786-7847) or Barbara J. Casey (786-7712) of the Exchange's Department of Market Regulation.

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[1]Pursuant to Exchange Rule 8.80(c), a DPM who functions in place of an OBO shall fulfill all obligations associated with an OBO's functions.

The Exchange thanks all members and member firms for their cooperation in this matter.