

Regulatory Circular RG94-15

Date: March 9, 1994
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 together.

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 posted in the crowd for members' review on a daily basis. This report includes 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.

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