

Regulatory Circular RG94-35

Date: May 12, 1994

To: Members and Member Firms

From: SPX Committee/Department of Strategic Planning

Re: FLEX Options Trading Procedures

The following is a synopsis of the changes that have been made to the FLEX trading process as a response to customer needs.

Open Order Book- RFQs, upon customer request, can remain open for the day and be put into the FLEX book. Initially only customer orders with a limit price (including combination orders) will be accepted into the book. No all-or -none or contingency orders will be accepted. All orders will be purged at 3:00 p.m. Orders in the book may be cancelled by telephone, but a physical cancel order must follow the telephone request. All orders in the book will be traded on a first come, first serve basis. Booked orders can be traded based on the established minimum notional value amounts stated in the FLEX rules.

Requests To Reopen an Order- If a member wants to reopen a previously quoted RFQ (their own or someone else's), that member should notify the FLEX clerk who will disseminate the request. Approximately two minutes after dissemination, the FLEX Post Official will conduct a new RFQ process.

AMM Z-Badges-Each AMM has been provided with two Z-badges. The clerk wearing the Z-badge is considered a representative of the AMM and is transmitting quotes to which the AMM will be held. In order for an AMM clerk to be part of the quote process, a badge must be displayed. In all cases that a trade takes place, a member of the exchange must be the representative of the AMM, not the clerk. All trade confirmations must be signed by a member.

Any questions relating to the above, should be directed to the FLEX Post Officials at 312- 460-1805.