

REGULATORY CIRCULAR RG95-51

Date: June 14, 1995

To: Members

From: Equity Floor Procedures Committee

Re: Trading Halt Policy

Options on Individual Equity Securities

The following is the Exchange's trading halt policy for individual equity options when a trading halt has been declared for reasons other than as a result of the operation of a circuit breaker, pursuant to Rule 6.3B, due to an intra-day drop of either 250 or 400 points in the Dow Jones Industrial Average.

Trading halts are, by definition, unusual market conditions. Accordingly, all of the precise circumstances of a trading halt cannot be anticipated. Judgment of all of the circumstances at the time a trading halt is under consideration is critical. To assure consistent application of the Exchange's trading halt policy, pursuant to Rule 6.3(a), the concurrence of two Floor Officials is required. Bearing in mind the need for two Floor Officials to exercise their discretion in response to particular circumstances as they occur, the following are guidelines for trading halts at the Exchange under varying circumstances:

1. **No last sale and/or quotation dissemination either by the Exchange or by OPRA.** At the outset, a time-critical review by two Floor Officials will be made of the circumstances causing the failure of dissemination. If it is believed by the two Floor Officials that it is likely the dissemination will resume in less than 15 minutes, trading ordinarily will continue and a message will be given to the news wire services announcing the dissemination difficulty. If it is believed by the two Floor Officials that the dissemination problem will likely extend beyond 15 minutes, the two Floor Officials in their discretion may impose a halt on all trading in affected securities. In any event, two Floor Officials may permit trading to continue for more than 15 minutes after a failure of dissemination only with the concurrence of a senior Exchange official. Trading may resume upon a determination by two Floor Officials that the conditions which led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading. Generally, the Exchange will notify member firms and the news wire services of the resumption of trading.
2. **Primary market halts trading in one or more stocks for regulatory reasons.** Trading in the individual stock option overlying a stock which has been halted for regulatory reasons generally will halt immediately upon notification thereof by the primary market. Trading may resume upon a determination by two Floor Officials that the conditions that led to the

- halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading.
3. **Primary market non-regulatory trading halt in one or more individual equity securities.** Upon notification by the primary market of a non-regulatory trading halt of an individual equity security in the primary market, any two Floor Officials in their discretion may impose a trading halt in the individual stock option overlying the security so halted. Trading may resume upon a determination by two Floor Officials that the conditions that led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading. Generally, the Exchange will notify member firms and the news wire service of the resumption of trading.
 4. **The primary market halts trading floor-wide.** If the primary market halts trading floor-wide, the Exchange will halt trading in all individual equity options overlying the securities so halted in the primary market and will assess the viability of markets in the underlying securities elsewhere, as measured by transactions and by share volume. In the event that it is determined by two Floor Officials that sufficient markets will support trading other than at the primary exchange, the Exchange may resume trading. Generally, the Exchange will notify member firms and the news wire services of the resumption of trading.
 5. **Primary market is open but is unable to disseminate last sale or quotation information.**
The Exchange's options trading ordinarily will remain open for trading unless, in the opinion of two Floor Officials, the absence of disseminated information will impede the ability of market makers to maintain fair and orderly markets in the options.
 6. **Over-the-counter quote dissemination halt.** Two Floor Officials in their discretion may halt trading in options overlying over-the-counter securities affected by such a quote dissemination halt upon first notification of the dissemination halt. Trading may resume upon a determination by two Floor Officials that the conditions that led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading. Generally, the Exchange will notify member firms and the news wire services of the resumption of trading.
 7. **Expiration Friday trading in individual equity options.** In the event that any of the foregoing should occur on expiration Friday, it is the preference of the Exchange to allow trading to continue on that date. This will be a primary consideration in the assessments to be made by the Floor Officials.
 8. **Dissemination of news after or near the close of trading in the primary market.** Any two Floor Officials may halt trading in any security in the event of disseminated news which causes the Floor Officials to believe that trading in options should be halted to allow market participants an opportunity to consider the effect of the news on pricing of trades. Two Floor Officials will then decide whether and, if so, when to recommence trading. This may occur after the primary market of the underlying security has closed for the day, in which event, the decision may be not to resume trading until the next trading day or to have a closing rotation after appropriate notification to the public.

Questions regarding these guidelines may be directed to Edward Joyce at (312) 786-7310 or Kerry Winters at (312) 786-7312.

(Regulatory Circulars RG92-40 and RG93-58, Revised).