

Regulatory Circular 96-40

IMMEDIATE ATTENTION REQUIRED

DATE: April 29, 1996
TO: All Exchange Members
FROM: Regulatory Services Division
RE: OEX and Equity Crowd Telephone Policy

The Exchange, pursuant to Rule 6.23 and related telephone policy circulars, allows members in the equity and OEX trading crowds to have access to outside telephone lines under certain conditions. These outside telephone lines were intended to be used to promote improved relationships between the CBOE trading crowds and member firms and to facilitate efficient access to underlying markets. Please be advised that under the current policies:



Members in OEX and equity trading crowds are not allowed to receive orders over these outside lines.



Outside phone lines in the OEX trading crowd are to be used for outgoing calls only. Incoming calls to the OEX trading crowd are prohibited.

Callers on outside lines whose calls are received at a CBOE floor booth or at some other location may not be transferred into the OEX crowd via conference call or otherwise. This is considered an incoming call for the purposes of the Exchange's telephone policies. For a description of the Exchange's telephone policies see RG95-54 and RG94-26.

As noted in RG96-36, which was issued on April 15, 1996, the Exchange has filed a proposed rule change with the SEC which would, when approved, allow floor brokers to accept incoming calls over outside lines located at the OEX trading post. This filing would also allow all approved floor brokers to accept orders from other broker-dealers over outside OEX phone lines and all qualified member organizations conducting a floor brokerage business for non-broker-dealers to accept orders over outside phone lines at the OEX trading post.

An application is being developed to expedite the processing of requests for outside lines in OEX once the new policy is approved by the SEC. This application will be available in the near future.

The Exchange also has filed a proposed rule change which would, when approved, allow floor brokers to receive orders from market-makers over the outside phone lines located at the equity option posts.

Until the two pending rule filings mentioned above are approved by the SEC, the current OEX and equity crowd telephone policies remain in effect.

Please be reminded that all telephone and communications facilities on the floor of the Exchange require prior Exchange approval. Please contact Barbara Casey (786-7712) or Greg Rich (786-7847) (beeper 9000) if you have any questions concerning this matter.

