

Regulatory Circular RG98-95

Date: September 9, 1998

To: Members

From: Regulatory Services Division

Re: Joint Account Trading In OEX, SPX and DJX Indexes

This memorandum addresses procedures established by the Exchange regarding the trading activities of joint account participants in the OEX, SPX and DJX ("Index") option classes. These procedures supplement Exchange Rules regarding transactions on the floor by members. Additional procedures for joint accounts trading on RAES are contained in the rules and memoranda regarding the operations and eligibility requirements for those systems.

The Committees have established that the following procedures apply to the trading of joint accounts in Index options:

1. Joint accounts may be simultaneously represented in an Index crowd by participants trading in-person for the joint account.
2. Joint account participants who are not trading in-person in an Index crowd, may enter orders for the joint account with floor brokers even if other participants are trading the same joint account in-person.
3. When series are simultaneously opened during rotation, joint account participants trading the joint account in-person may enter orders for the joint account with floor brokers in series where they are unable to trade the joint account in-person.
4. There is no restriction on the number of joint account participants that may participate on behalf of the joint account on the same trade in the Index.
5. When joint account participants are trading in an Index crowd for their individual account or as a floor broker, another participant of the joint account may trade for the joint account in-person or enter orders for the joint account with floor brokers.
6. Except for the exemption described in number 7, members are reminded that they are prohibited from entering orders for their individual or joint accounts while they are trading in-person in an Index crowd even if the orders are for an account they are not then actively trading.
7. Notwithstanding the restriction described in #6, managers of Exchange approved RAES joint accounts may enter orders with floor brokers for the RAES joint account if the manager is trading in-person for his individual account in the Index crowd. If the manager is trading in-person for the joint account the manager may not enter an order for the joint account with a floor broker. **CLERKS MAY NOT ENTER ORDERS VIA THE USE OF RAES TATS BY GIVING THEM TO FLOOR BROKERS TO CLOSE-OUT POSITIONS.**

8. Members must ensure that they do not trade in-person or by orders such that any of the following results:
 - a) a trade occurs between a joint account participant's individual market-maker account and the joint account of which he or she is a participant,
 - (b) a trade occurs between two joint accounts that have common participants, or
 - (c) a trade occurs in which the buyer and seller are representing the same joint account and are on opposite sides of a transaction.**
9. Joint account participants may not act as a floor broker for the joint account of which they are a participant.
10. Members may alternate trading in-person for their individual account and their joint account while in an Index crowd.

Joint Account Identification

The proper procedure for completing a trade ticket for joint account transactions is that both the member's and joint account acronym must be included. This information is required to insure that the initiating joint account member receives credit for such transactions as they relate to reporting and market performance obligations set forth in Exchange Rules 6.51 (d) and 8.7.03.

Requests for exemptions from the above procedures should be directed to the appropriate Committee.

Questions regarding this memorandum may be directed to either Pat Cerny at (312) 786-7722 or Karen Charleston at (312) 786-7724 in the Division's Department of Market Regulation.

(RG97-137, revised)