

Regulatory Circular # 95-04

Date: January 9, 1995
To: Members and Member Firms
From: Market Performance and Equity Floor Procedure Committees
Re: Options on Hospitality Franchise Systems, Inc.

The Market Performance and Equity Floor Procedure Committees ("Committees") have been monitoring the activity in the underlying security and options traded on Hospitality Franchise, Inc. Due to the complexity involved in the delivery or receipt of the multiple securities (HFS and NAGC) underlying these option contracts, (see CBOE Research Circular #RS94-257) the Committees have determined that as of the opening on Monday, January 9, 1995, pursuant their authority granted under the provisions of Chicago Board Options Exchange Rules 6.8(e) and 8.51(a)(3), the following rules of trading procedure will be effective in all HFZ option classes:

RAES operation in all HFZ option classes will be temporarily suspended.

Disseminated quotes in all HFZ option classes will not be subject to the provisions of Exchange Rule 8.51 until further review.

Activity in HFZ options and its respective underlying security will be monitored by the Committees on an ongoing basis. The above modifications to the application of Rules 6.8(e) and 8.51(c) to HFZ option trading should be considered temporary and will be reviewed by the Market Performance and Equity Floor Procedure Committees.

Any questions regarding this memorandum may be directed to Daniel Hustad at (312) 786-7715.