

Regulatory Circular RG95-65

Date: July 20, 1995

To: Member Firms

From: Exemption Committee

Re: SPX Firm Facilitation Position Limit Exemption

The purpose of this memorandum is to familiarize member firms with the procedures for obtaining a firm facilitation position limit exemption in the SPX. Pursuant to Exchange Rule 24.4(a) Interpretation .03, a member firm who wishes to facilitate orders of its own customer pursuant to Exchange Rule 6.74(b) when the trading crowd is unwilling to do so, may receive a position limit exemption upon application to the Exemption Committee. In no event may the total exempted amount exceed 100,000 contracts on the same side of the market. The exemption applies to the offsetting side of the market to the customer order(s) and the firm is required to provide documentation as to how the exempted position was hedged within five (5) business days following the effective date. To further streamline the procedures with respect to obtaining an exemption, the Exemption Committee adopted the following procedures effective July 11, 1995:

Revised Procedures

1. A member firm with a position near the applicable 45,000 contract limit may apply for a firm facilitation exemption by making a written submission to the Exemption Committee. Exemption requests should be delivered to either Pat Cerny or Karen Charleston on the 7th floor and should include a copy of the firm's most current SPX position.

2. A three member panel of the Exemption Committee will review the request following the close of trading. The Committee's decision will be communicated to the firm on the trade date following the request. If granted, the exemption will be effective on the following trade date through the nearest expiration. Exemptions are generally granted in 5,000 - 8,000 contract increments based upon the firm's position at the time the request is made. Prior to expiration, a firm may apply for a continuance of their exemption which may be adjusted for expiring series. Requests for continuances should be submitted no later than 2:00 p.m. on the Thursday preceding expiration.

3. The member firm is required to provide staff with a copy of all executed exempted customer facilitation orders. Copies of such orders may be deposited in the OEX index exercise advice boxes located adjacent to the OEX pit or delivered to the 7th floor.

4. A member firm which approaches its applicable position limit intra-day, and wishes to facilitate a customer order that will result in the firm exceeding its applicable position limit, may request an "instant exemption" by contacting an in crowd Exemption Committee member. Upon a review of the situation, the Exemption Committee member may grant an exemption effective immediately through the next expiration. The size of the exemption is dependant upon the size of the facilitated customer order and current market conditions. Questions concerning this matter can be directed to Pat Cerny at (312) 786-7722 or Karen Charleston at (312) 786-7724.