

Regulatory Circular RG95-75

Date: September 14, 1995

To: Exchange Members and Member Organizations

From: Department of Market Regulation

Re: Arakis Energy Corporation/Contrary Exercise Advice Procedures

Trading in Arakis Energy Corporation (AQG) common stock and options has been halted since August 22, 1995 and remains subject to a trading halt. AQG common stock is traded on the NASDAQ and AQG options are traded on the AMEX and CBOE. In Regulatory Circular RG95-72, the membership was advised that the Options Clearing Corporation (OCC) has determined to waive the exercise-by-exception procedures of OCC Rule 805 in the event that AQG remains halted at the September 1995 expiration.

Exchange Rule 11.1, Interpretation .06(e) provides that in the event that OCC waives the exercise-by-exception procedures of OCC Rule 805, the Exchange's normal procedures with respect to the submission of contrary exercise advices (CEAs) remains in full force and effect and such procedures are to be followed as if OCC exercise-by-exception procedures remain in full force and effect. Therefore, in the event that AQG remains halted at the September expiration, a member desiring to exercise an expiring September AQG option contract that would have been subject to automatic exercise is not obligated to submit a CEA or affirmative exercise instruction to the Exchange. The last available AQG stock price should be used to determine the applicable exercise-by-exception thresholds.

It should also be noted that members are being required by clearing firms to submit affirmative exercise instructions to their clearing firm if they wish to exercise expiring September AQG options. This requirement is in addition to the CEA submission requirements of Rule 11.1. To eliminate any confusion with respect to the exercise of expiring September AQG options, the Exchange will accept copies of affirmative exercise instructions in addition to CEAs that are required to be submitted to the Exchange pursuant to Rule 11.1.

Pursuant to Exchange Rule 11.1, all exercise decisions with respect to expiring September AQG options must be made by 4:30 p.m. (CT). The submission or preparation of an exercise instruction after the exercise cutoff time in any expiring option on the basis of material information released after the cutoff time is activity inconsistent with just and equitable principles of trade and may be subject to severe fines and disgorgement.

Questions concerning the circular may be directed to Patricia Cerny at (312) 786-7722 or Karen Charleston at (312) 786-7724 in the Department of Market Regulation.