

Regulatory Circular RG95-48

Date: June 14, 1995

To: Members

From: Regulatory Services Division

Re: Prearranged Trading

The Exchange has previously addressed regulatory concerns pertaining to prearranged trading in memoranda to the membership. The Exchange hereby restates its concern that all transactions must be effected in accordance with applicable trading rules, must be subject to the risk of the market, and must be reported for dissemination over the tape. Additionally, transactions effected for the purpose of influencing the published volume or price of a particular option series are in violation of Exchange Rules.

Members and member organizations are cautioned that any purchase or sale transaction or series of transactions which are coupled with an agreement, arrangement or understanding, directly or indirectly to reverse such transaction, which is not done for a legitimate economic purpose, or limit the risk of either party to the transactions, violates Exchange Rules and may be inconsistent with various provisions of the Securities Exchange Act of 1934.

Members and member organizations are cautioned that the simultaneous entry of purchase and sale orders for the account or accounts of the same beneficial owner, which due to price instructions are capable of being crossed, or are crossed, violates Exchange Rule 4.1 and may violate various sections of the Securities Exchange Act of 1934 and rules thereunder.

Any questions may be directed to Barb Casey, (312) 786-7712, or Jeff Schroer, (312) 786-7716.

(Regulatory Circulars RG94-36, RG93-36 and RG92-51 Reissued)