policy when a halt has been declared as a result of the operation of a circuit breaker pursuant to Rule 6.3B, due to a 250 or 400 point intra-day drop in the DJIA.

Consistent with Rule 6.3, Regulatory Circular RG93-58 would be amended to provide that two Floor Officials may exercise judgment regarding trading halts without the concurrence of a senior Exchange staff official. Presently, Rule 6.3 provides that a decision regarding whether to halt trading may be made by any "two Floor Officials." This amendment would make the guidelines in Regulatory Circular RG93-58 consistent with the Rule 6.3. The Exchange believes that Floor Officials need to be able to exercise their judgment without obtaining the concurrence of a senior Exchange staff official because it may be physically difficult for a senior Exchange staff official to be present at all trading posts during circumstances where a trading halt may be simultaneously necessary in multiple options classes.

Regulatory Circular RG93–58 provides Floor Officials with non-mandatory guidelines to assist them in their decision regarding a trading halt. Pursuant to Rule 6.3, "[a]ny two Floor Officials may halt trading in any security in the interests of a fair and orderly market." Rule 6.3 permits Floor Officials to exercise judgment and discretion in deciding whether to halt trading. The language of rule 6.3 is discretionary and does not require that Floor Officials declare a trading halt. The proposed amendments to Regulatory Circular RG93-58 delete language that would limit Floor Official's discretion by imposing mandatory criteria.

The proposal would further amend Regulatory Circular RG93–58 to reflect the CBOE's general practice, as set forth in the proposed interpretation to Rule 6.3, to halt trading in an overlying stock option when a regulatory halt in the underlying stock has been declared in the primary market for that stock.

Regulatory Circular RG93–58 would be further amended to delete the requirement that, in connection with a halt due to no last sale and/or quotation dissemination either by the Exchange or the Options Price Reporting Authority ("OPRA"),¹⁰ trading may only resume 15 minutes after notification to the news wire services. The guidelines provide that the news wire services will be notified of the dissemination difficulty.

However, under such circumstances, since trading presumably would have been proceeding in other markets, it is important for the options market to resume trading as soon as practical after the dissemination difficulty which led to the halt is no longer present. CBOE believes that waiting 15 minutes to resume trading would be inordinately long and may be contrary to the interests of a fair and orderly market. Nonetheless, the proposed amendments would specifically state CBOE's general practice to notify member firms and news wire services before the resumption of trading.

The language in paragraph one of Regulatory Circular RG93–58 would be further amended to clarify that there is a preference, but not a requirement, to halt trading if two Floor Officials believe that the dissemination problem will last more than 15 minutes. Additionally, the language would be amended to limit the discretion of the Floor Officials by requiring the concurrence of a senior Exchange official if two Floor Officials want to permit trading to continue for more than 15 minutes after a failure of last sale and/or quotation dissemination. The language would be further amended to clarify that, if the two Floor Officials believe that the dissemination problem will be resolved within the next 15 minutes, then there is no preference for

a halt—even if that expectation proves

would be further amended to clarify that

to be incorrect. The present language

trading ordinarily will continue if two

dissemination problem will be resolved

Floor Officials believe it is likely the

in less than 15 minutes. The present

continue under such circumstances.

Again, the Exchange believes these

Officials' discretion, since Rule 6.3

circumstances. If a systems problem

disseminating CBOE's last sale or quote

data, this would be an unusual market

guidelines should not limit Floor

provides for discretion in such

prevented CBOE or OPRA from

language appears to require trading to

condition and, pursuant to Rule 6.3, two Floor Officials *may* halt trading. The CBOE proposes to delete the requirement in paragraph four of Regulatory Circular RG93–58 that, in connection with a primary market floorwide trading halt not subject to Rule 6.3B, and despite the determination by two Floor Officials that sufficient markets will support trading other than at the primary market, trading may resume only upon a one hour notification to the news wire services. Again, since trading of the underlying stock is continuing at an exchange other than the primary exchange, the CBOE believes that waiting one hour to resume options trading at the CBOE could be inordinately long and might be contrary to the interests of a fair and orderly market. Instead, paragraphs one and six of Regulatory Circular RG93-58 would be amended so that the guidelines for the resumption of trading would be consistent with Rule 6.3(b), which provides that trading in a security that has been the subject of a halt may resume upon a determination by two Floor Officials that the conditions which led to the halt are no longer present, or that the interests of a fair and orderly market are best served by a resumption of trading. However, the proposed amendments would specifically state CBOE's general practice to notify member firms and news wire services before the resumption of trading.

E. RAES

Finally, the proposal would add Interpretation .05 to Rule 6.3 to grant authority to the senior person then in charge of the Exchange's Control Room to turn off RAES with respect to a stock option if that senior person confirms that the Control Room has received a credible indication (including, but not limited to, a verified report from the trading crowd)¹¹ that trading in the underlying stock has been halted or suspended. After exercising such authority, that senior person would

¹⁰ OPRA is a National Market System Plan approved by the Commission pursuant to Section 11A of the Act and Rule 11Aa3–2. Securities Exchange Act Release No. 17638 (March 18, 1981).

OPRA provides for the collection and dissemination of last sale and quotation information on options that are traded on the five exchanges participating in the plan. The exchanges include the CBOE, the Philadelphia Stock Exchange, the

American Stock Exchange, the Pacific Stock Exchange, and the New York Stock Exchange.

The OPRA plan was implemented in response to directives of the SEC that provisions be made for the consolidated reporting of transactions in eligible options contracts listed and traded on national securities exchanges.

¹¹ CBOE represents that if information of a trading halt or suspension comes from the trading crowd or from a source other than authoritative information in the Control Room, the senior person in charge of the Control Room would first attempt to independently verify the information before turning off RAES. To verify the existence of a trading halt or suspension, the senior person in charge of the Control Room would seek to identify and obtain authoritative information in the Control Room, including (1) the quote of the underlying security being pulled from the Class Display Screen, (2) an ST or H appearing on the Class Display Screen via the Consolidated Tape, (3) a print-out in the Control Room confirming the halt or suspension of trading in the underlying security, and (4) notification of the trading halt or suspension via the "Hoot and Holler" system. The Hoot and Holler system is a voice linkage between all of the exchanges and the Commission. Telephone conversation between Edward Joyce, Executive Vice President, CBOE, and John Ayanian, Attorney, OMS, Market Regulation, Commission, on February