

Regulatory Circular RG00-40

To: Members and Member Organizations
ROS Participants

From: Legal Division
Trading Operations

Date: March 13, 2000

Re: Rapid Opening System (ROS)

This Regulatory Circular is being issued to remind ROS market participants that non-bookable orders, including BD orders, Firm orders, and contingency orders (“Non-Bookable order”) are entitled to participate at the opening price established by ROS. Although these Non-Bookable orders do not participate on ROS electronically, the Non-Bookable orders are entitled to participate at the opening price.

- The agent must inform the ROS participants and the Order Book Official (OBO) or Designated Primary Market-Maker (DPM) of the terms of any Non-Bookable order including the limit price and volume of such order. **This information must be provided prior to the time ROS is locked for that particular class.**
- Market participants are **required** to adjust the AutoQuote values to account for one or more non-booked orders if (i) the limit price of one or more of these non-booked orders is better than the AutoQuote bid or offer (as appropriate) **and** (ii) the imbalance of the non-booked orders that would be traded at such better limit price is equal to or greater than the imbalance of orders for that series on the opposite side of the market.
- Market participants logged onto ROS would be required to fill the following non-booked orders (assuming they were presented to the crowd and OBO in accordance with the Rule) at the opening price: (1) a non-booked market order, (2) a non-booked limit order where the limit price is better than the opening price; and (3) a non-booked customer limit order with a contingency where the contingency is satisfied and where the limit price equals the opening price.
- If the order is a broker-dealer order and the limit price equals the opening price, the order will be entitled to be filled up to the lesser of the entire size of such order or an amount equal to a pro rata share of the orders assigned to the market-makers by ROS. If a broker holds more than one order to trade at the same limit price, that broker is nonetheless limited to no more than one pro rata share of the orders assigned to the market-makers by ROS.

Please refer to Exchange Rule 6.2(A) and Regulatory Circular RG99-35 for further information. For questions regarding ROS, please contact Timothy Watkins at 786-7172.

