

Regulatory Circular RG 03-36

DATE: May 22, 2003

TO: DPM's, Exchange Members and Member Organizations

FROM: Department of Market Monitoring
Legal Division
Floor Officials Committee

RE: DPM's Failure to Activate or Deactivate RAES

Please be advised that Exchange Rule 6.8 *RAES Operations* requires RAES be activated after quotes in the eligible series have been updated following the opening of the option class.

In addition, Exchange Rule 6.6 *Unusual Market Conditions* requires the approval by Floor Officials for the deactivation of RAES due to Fast Market conditions. Also, a Post Director or Order Book Official ("OBO") may turn off RAES for a period of time not to exceed five minutes if fast market conditions exist¹. Whenever such action is taken, notice thereof shall immediately be given to two Floor Officials who may continue the deactivation of RAES for more than five minutes or take such actions pursuant to their authority under this Rule 6.6.

Regulatory Circular RG02-101 *Violations of Trading Conduct and Decorum Policies* imposes a Summary Fine as a Class "B" Offense for a DPM's failure to activate or deactivate RAES two Floor Officials may impose a summary fine not to exceed \$2,500 within the following ranges:.

1 st Offense	2 nd Offense	Subsequent Offenses
\$100 to \$500	\$500 to \$1,000	\$1,000 to \$2,500

Any questions in connection with this circular should be directed to Douglas Beck of the Department of Market Monitoring at (312) 786-7959 or to Andrew Spiwak of the Legal Division at (312) 786-7483.

¹ Please be advised that the DPM and/or market-maker does not have authority to deactivate RAES.