

September 19, 1997

To: Members

From: Equity Floor Procedure Committee
Floor Officials Committee

Re: Closing Rotation on September 30, 1997.

At the end of the last calendar quarter (June 30, 1997) and after the Exchange had changed to a 3:02 close for equity and narrow-based index options, Floor Officials were requested to call for a closing rotation in many option classes due to the fact that the many final stock prices were not established until after the options close. Floor Officials determined not to call closing rotations. One reason for the decision not to call closing rotations was that member firms felt that without advance notice it would be difficult to accommodate customer orders to participate in the closing rotation.

The Floor Officials Committee is hereby giving notice that pursuant to its authority under Interpretation .02 of Exchange Rule 6.2 to call a closing rotation in the interests of a fair and orderly market, **a closing rotation will be held in all equity and narrow-based index options on September 30, 1997.** The Committee believes that the advance notice of the closing rotations should enable the member firms to take the necessary steps to ensure that their customer orders will be able to participate in the closing rotation. It should also be noted that the Equity Floor Procedure Committee is recommending that a rule change be submitted to the Securities and Exchange Commission ("SEC") that would provide for closing rotations at the end of each calendar quarter on an ongoing basis.

Procedures for Quarterly Closing Rotations

Pursuant to its authority under Rule 6.2 to direct the method for conducting rotations and its authority under Rule 7.4 to specify the manner in which orders are to be routed to the customer limit order book, the Equity Floor Procedure Committee has established the following procedures for the conduct of the quarterly closing rotation on September 30, 1997 (note: these procedures will likely also be the subject of a filing with the SEC):

1. All orders received before the 3:02 P.M. (Central Time) close of trading shall be entitled to participation in the closing rotation.
2. All orders received prior to 3:02 P.M. may be placed with an Order Book Official and Designated Primary Market-Maker for representation during the closing rotation. Orders received after 3:02 P.M. entered in the Exchange's Order Routing System will be routed to the member firms.
3. All orders received after 3:02 P.M. and before the start of the closing rotation will be represented on a best efforts basis.

Questions concerning the above may be directed to a member of the Floor Officials Committee, to a member of the Equity Floor Procedure Committee, or to John Johnston, Vice President, Execution Services at 786-7303.