



Department of Market Regulation

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Regulatory Circular RG99-236

Date: December 28, 1999
To: Members and Member Organizations
From: Regulatory Services Division
Re: December 31, 1999, Special Closing Rotations
Early Exercise Advice Cutoff Time

The following Regulatory Circular highlights the special closing rotation and exercise procedures for December 31, 1999.

Closing of Certain Index Options at 12:05 p.m.

On December 31, 1999 trading in the following index options will cease at 12:05 p.m. (CT): S&P 500 Index (SPX), S&P 100 Index (OEX), Nasdaq-100 Index (NDX), Russell 2000 Index (RUT), S&P/Barra Growth Index (SGX), S&P/Barra Value Index (SVX), S&P SmallCap Index (SML), Morgan Stanley Multinational Company Index (NFT).

Special "Closing Rotations" in these Index Options

In accordance with Regulatory Circular RG 99-233, in order to allow the CBOE's domestic broad-based index options to be valued on the same "fair value" basis as the related index futures at the CME, the Exchange has determined to deviate from the normal procedure for the conduct of closing rotations on December 31, 1999 only, for each of the index options listed above. Specifically, after the close of trading at 12:05 p.m. (CT) on that date, special "closing rotations" will be held for the sole purpose of determining theoretical fair values for the option contracts listed above. **It should be noted that the option "fair values" determined during the special closing rotations may deviate from actual traded prices at the close.** This action is being taken pursuant to authorization given to CBOE Floor Officials in consultation with the Order Book Officials under CBOE Rules 6.2 and 24.13 to deviate from ordinary rotation policies or procedures in the interest of a fair and orderly market. **No trading of any kind is permitted. No orders of any type, including orders resting in the Exchange's limit order book, will be allowed to be traded during these special closing rotations. No market maker to market maker transactions will be allowed.**

Additionally, in accordance with Exchange Rule 11.1 and Regulatory Circular 99-235, as the close of trading for OEX options will be 12:05 p.m. (CT) on December 31, 1999, "exercise advices" must be submitted to the Exchange **within five minutes after the closing rotation on that day.**