



Memorandum # 0775-08

MEMORANDUM

TO: Members, Member Organizations, Participants and Participant Organizations

FROM: Edward Deitzel, Vice President
Options Surveillance

DATE: April 22, 2008

RE: Crossing, Facilitation and Solicited Orders in Open Outcry

The below clarifications are being provided regarding crossing, facilitation and solicitation orders as referenced in PHLX Rule 1064.

Crossing Orders –

An Options Floor Broker (“FB”) who receives and holds orders to buy and sell the same option series, **regardless of the account type or combination (with the exception of crosses that contain interest from an on-floor participant)**, may cross such orders in the following manner:

- The Floor Broker must request bids and offers for such options series and make all persons in the trading crowd aware of his request.
- After providing an opportunity for such bids and offers to be made, he must bid and offer at prices differing by the minimum increment and must improve the market by bidding above the highest bid or offering below the lowest offer.
- If such higher bid or lower offer is not taken, he may cross the orders at such higher bid or lower offer by announcing that he is crossing and giving the quantity and price.

The trading crowd may break a cross up by improving the bid/offer prior to Floor Broker’s consummation of the cross. Additionally, the crowd can trade against either side of the cross by executing at the bid/offer prior to the completion of the cross transaction by the Floor Broker in the crowd.

Facilitation and Solicited Orders - A Floor Broker holding an options order to buy and sell for a **public customer and a contra-side order** may cross such orders as described above in the crossing orders section, or may execute such orders as a facilitation cross.

A Floor Broker holding an options order where **both the buy and sell interests are for broker dealer accounts** may cross such orders as described above in the crossing order section, or may execute such orders as a solicited cross.

If the Floor Broker receives a single order (originating order), the FB must comply with Options Floor Procedures Advices C-7 and B-11 by representing such orders to the crowd prior to

soliciting contra interest for that originating order and the crossing orders must be represented as solicited when executing.