

the Conference Report demonstrate significant progress toward the creation of an integrated surveillance system for stock and options. These portions of the report, dealing with "Interchange of Market Surveillance Information" and "Allocation of Responsibility," are quoted at length to give a complete view of the steps that the Conference has taken and will take. The report states:

I. Interchange of Information

A sub-group was established on interchange of Market Surveillance information. This body was directed to identify all market surveillance reports and information presently available to each participant SRO in order to determine which information could be integrated into other self-regulatory organizations' programs to enhance existing regulatory efforts with respect to intermarket surveillance. This sub-group thereafter collected from and furnished to each participant SRO, including the Options Clearing Corporation, copies of all option and equity computer print-outs and certain manually prepared reports (along with explanatory materials identifying the type of data, format, frequency and purpose) which are utilized in conducting market surveillance for listed securities. In addition to disseminating examples of data base information derived from transaction and clearing streams, each organization provided copies of reports which identify activity which exceeds pre-determined parameters during a trading session.

After the analysis of this voluminous information, a better understanding of the nature of information available was achieved. There was also a consensus that the sharing of data by the various SRO's is both needed and desired. However, while certain agreements have been reached, it is yet to be determined whether all such information will be furnished routinely or on some other basis.

It is generally agreed that any information interchanged may be more desirable in a computer readable format rather than on microfiche or hard copy print-outs for manageability and flexibility purposes.

Further, it was noted that certain data which would be useful to each organization is presently available on an on-line basis through . . . systems . . . for collecting and displaying option information and for stock activity from the last sale and quote information transmitted via high speed lines. This information could be captured with appropriate programming which is being developed.

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After identifying the information available, the participant SRO's expressed interest in the exchange of market surveillance information as follows:

- a) Reconciliation Clearing Sheets from markets where securities underlying options are traded.
- b) Daily Transaction Journals from all markets where securities underlying options are traded.
- c) Monthly Short Interest Reports by firm from all markets where securities underlying options are traded.
- d) Block trade reports from all markets where securities and options are traded.
- e) Notification of the initiation of investigations and reviews, as appropriate.
- f) Status reports on investigations and reviews, as appropriate.
- g) Notification of trading halts.
- h) Notification of corporate contacts resulting from unusual trading activity.
- i) Exercise/Assignment Listing Reports from OCC.
- j) Open Interest Distribution Reports from OCC.
- k) Market Data Retrieval Reports and Matched Trade Listing Reports.

The equity exchanges indicated that they would be responsive to inquiries by the options exchanges with respect to matters which could affect trading in underlying securities and options trading thereon and would make every effort to inform other appropriate market centers of trading halts.

With respect to the interchange of information pertaining to multiply listed options, we believe that useful data is currently being disseminated to the options exchanges via the daily Options Clearing Corporation compliance tape and that the modifications due to be implemented in the beginning of 1979 will enhance monitoring capabilities by providing member transactions in multiply traded classes on other exchanges. These modifications, as currently envisioned will consist of each participant SRO receiving the following:

- a) All positions, exercises/assignments and adjustments of their members regardless of where the options class is listed;
- b) All cleared options transactions of their marketmakers/specialists/registered traders; and
- c) All exercises, assignments, positions and adjustments of non-members trading in classes which are solely listed on their exchange.

There is general agreement among the participant SRO's that they are willing to share information for surveillance purposes subject to certain specific limitations, i.e. non-member specialist and marketmaker positions which would be provided on a case-by-case basis rather than as a matter of routine. It is important to note that the participant SRO's agree that all information would be available to other SRO's for specific investigations.

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#### IV. Allocation of Responsibility

We established an allocation of responsibility sub-group to explore the means of identifying and eliminating duplicative regulatory efforts as well as the measures necessary to improve regulatory programs. The sub-group was also requested to provide the means of resolving such overlaps and shortfalls through the allocation of responsibility for investigation and enforcement and to assure, as much as possible, the uniform interpretation and application of comparable self-regulatory

and Commission rules. The group focused on problems involving jurisdictional issues where membership in more than one self-regulatory organization existed and on inter-market trading activities which transcended individual SRO jurisdictional boundaries, such as insider trading activities, fraudulent and manipulative trading practices, tape racing, front-running, expiration studies and other specific inter-market transactions.

For purposes of its discussions, the participants determined that non-member broker-dealers and non-member broker-dealer customers would be treated as the same type of entity for surveillance purposes. It was also determined that where a non-member (whether a broker-dealer or customer) effects a transaction using the facilities of a member broker-dealer, the matter should be referred to the SRO that has jurisdiction over that non-member or to the SEC if a non-broker-dealer customer is involved.

Of course, the questions of jurisdiction over a broker-dealer which is a member of more than one self-regulatory organization and/or when a security is multiply traded encompass much broader and complex issues and consequently consumed a significant portion of the group's efforts. Based upon its discussions, the group agreed to consider the following principles of allocation:

- (1) The surveillance and regulation of specialists, market-makers and registered floor traders will be retained by the self-regulatory organizations of which they are a member and on which they fulfill such functions.
- (2) The gathering of customer and firm information needed in pursuing insider trading and manipulation cases shall be allocated to the primary market in that family of markets whenever there is a dually traded security.
- (3) Whenever an SRO conducting an investigation lacks jurisdiction over a broker-dealer non-member, the information necessary to conduct the investigation shall be obtained from any other self-regulatory organization of which such non-member is a member.
- (4) Expiration Studies - It was agreed that the SRO's would inform each other when they are preparing to conduct expiration studies of options vs. stocks in order to prevent

a duplication of effort. If two or more self-regulatory organizations have decided to perform a similar study, they would determine among themselves which would conduct the study; however, where market-makers, specialists and registered floor traders are involved, the self-regulatory organizations of which they are a member shall retain responsibility for investigating such matters.

- (5) Disciplinary Procedures - Self-regulatory organizations shall share information while retaining jurisdiction of their own members; however, where joint members are involved the market where the violative activity occurred would be responsible for disciplining the member unless otherwise agreed upon.
- (6) Employees of SRO's will be made available for testimony as needed by other SRO's in any case where their testimony is required or where such employees performed a portion of an investigation or examination. (The self-regulatory organizations will continue to review the possibility of requiring their members to testify at disciplinary hearings of other self-regulatory organizations which lack jurisdictional authority over such members.)

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To accomplish our goals, it is anticipated that there will be further discussion by the participants to allocate additional responsibilities with respect to matters arising from the inter-market regulatory problems and to further eliminate regulatory duplication. 38/

Thus, the self-regulatory organizations appear to be making progress toward achieving an effective sharing and integration of information and coordinating and allocating regulatory responsibilities with respect

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to market surveillance. The steps that have been taken help to assure that, as the Congress envisioned, a "more coherent and rational regulatory structure" in which there would be "an explicit allocation of regulatory responsibility" will be established. 39/

Accordingly, the Options Study recommends:

THE COMMISSION SHOULD CLOSELY MONITOR THE EFFORTS OF THE SELF-REGULATORY ORGANIZATIONS TO SHARE SURVEILLANCE INFORMATION AND COORDINATE SELF-REGULATORY ACTIVITIES. THE COMMISSION SHOULD ACKNOWLEDGE BY LETTER THE FORMATION OF THE CONFERENCE AND SUGGEST THAT THE USE OF SECTION 17(d)(2) OF THE ACT AND RULE 17d-2 THEREUNDER TO ALLOCATE SURVEILLANCE RESPONSIBILITIES AMONG THE SELF-REGULATORY ORGANIZATIONS IS APPROPRIATE AND DESIRABLE. IN ADDITION, THE COMMISSION SHOULD SEND A REPRESENTATIVE TO FUTURE MEETINGS OF THE CONFERENCE. THE COMMISSION SHOULD ALSO SEEK TO COORDINATE ITS OWN SURVEILLANCE OPERATIONS WITH THOSE OF THE SELF-REGULATORY ORGANIZATIONS.

(3) Improving Options Exchange Surveillance Techniques

Third, all of the options exchanges do not use the most sophisticated techniques available to detect improper trading practices. As Appendix 1 reveals, 40/ each of the options exchanges has its own methods of conducting surveillance activities, these methods varying in scope and quality and often in accordance with the surveillance information that is available to the exchange. With the sharing of surveillance techniques and information that should accompany the progress of the Self-Regulatory

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39/ S. Rep. No. 94-75, 94th Cong. 1st Sess. 2, 32 (1975).

40/ See Appendix 1 at 79 - 141.

Conference, each of the options exchanges should be able to upgrade its methods of detecting improper trading practices to assure that it is using the most effective techniques available to the greatest extent practicable.

Accordingly, the Options Study recommends:

WHEN CONDUCTING OVERSIGHT INSPECTIONS OF THE OPTIONS EXCHANGES, THE COMMISSION SHOULD REVIEW THE SURVEILLANCE TECHNIQUES THAT EACH OPTIONS EXCHANGE IS USING TO ASSURE THAT THE MOST EFFECTIVE TECHNIQUES AVAILABLE ARE BEING EMPLOYED.

(4) Uniform Reporting Requirements

The self-regulatory organizations have suggested on numerous occasions that uniform standards should be developed and applied on an industry-wide basis with regard to transaction and position reporting requirements. The Options Study has considered these proposals and agrees with their thrust.

The position and transaction reporting rules vary from exchange to exchange. While this situation certainly creates the potential for disparate treatment of similarly situated people and entities, the Options Study does not believe that Commission action is warranted at this time. In view of the approval of the NASD plan to regulate the options activities of broker-dealers who are NASD members but who are not members of any exchange 41/ and the cooperative spirit

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41/ Securities Exchange Act Release No. 15332 (November 15, 1978).

that the self-regulatory organizations have demonstrated recently, the self-regulators may be able to develop requirements, applicable to all broker-dealers, for positions and transactions that should be reported for regulatory purposes. Moreover, because each of the self-regulatory organizations inquires into essentially the same trading practices, it may be feasible to standardize inquiry forms to facilitate the ability of member firms to respond to self-regulatory organization requests for information. Such standardization may result in time and cost savings to the industry.

Accordingly, the Options Study recommends:

THE SELF-REGULATORY ORGANIZATIONS SHOULD DEVELOP STANDARDS FOR MINIMUM POSITION AND TRANSACTION REPORTING RULES AND STANDARDIZED INQUIRY FORMS. IN THE EVENT THAT STANDARDS ARE DEVELOPED AND SUBMITTED TO THE COMMISSION FOR APPROVAL, THE COMMISSION SHOULD ACT UPON THEM EXPEDITIOUSLY AND ADOPT, WHERE FEASIBLE, RULES TO GOVERN SECO BROKER-DEALERS WHICH ARE PARALLEL TO SELF-REGULATORY ORGANIZATION RULES.

#### IV. INVESTIGATION AND ENFORCEMENT

Each of the options exchanges has programs to investigate trading practices that its surveillance system detects and which may be inconsistent with the Act or exchange rules. Each exchange also has procedures for

disciplining members that violate the Act or exchange rules. During its inspections, the Options Study reviewed more than 700 investigations, through various stages of completion, that the exchanges had conducted. More than 300 case files were examined at the CBOE and more than 175 files were reviewed at both the AMEX and the PSE. The Options Study also reviewed more than 20 investigations at the PHLX, MSE surveillance logs for a two year period, and more than 25 MSE inquiries into questionable conduct. On the basis of these records and its inspections, the Options Study has drawn some general conclusions concerning the thoroughness and effectiveness of the investigation and enforcement programs of each exchange. 42/

1. The CBOE and PSE

The CBOE and PSE maintain generally complete records of each inquiry or investigation that they conduct. Records usually contain the surveillance information that prompted the inquiry, notations evidencing the steps that the investigator or analyst took to investigate the questionable activity, a memorandum or report indicating the recommended

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42/ A sample of the information requests and inspection outlines that the Options Study used to perform these inspections is contained in Appendix Exhibit 2.

disposition of the case and the reasons for the recommendation, and documentation to support the recommended disposition. The ultimate disposition of the case is also apparent from the files or from exchange records that indicate the status of open cases, matters pending before disciplinary panels, and decisions that disciplinary panels have made. The staff investigations at these two exchanges appear to be generally complete and properly analyzed.

At the CBOE, a permanent committee composed of floor members, nonfloor members, and a representative of the public reviews each case that the staff has prepared to determine whether there is probable cause to believe that a violation occurred. If the committee finds such probable cause, it will issue a Statement of Charges to the member that may have committed the violation. The committee will then hold a hearing and determine whether a violation took place, and, if so, how the member should be sanctioned. In general, CBOE members did not appear reluctant to issue charges against and sanction their peers when violations were apparent. Moreover, it appeared that the CBOE has sought to use the disciplinary process to establish ethical and legal guides for the conduct of the membership.

At the PSE, the staff issues a Statement of Charges each time it is of the view that a violation may have occurred. The staff issues charges routinely unless there are "extenuating circumstances."

Once charges are issued, a standing committee of floor and nonfloor members from both Los Angeles and San Francisco, or a panel of options floor members, depending on the nature and severity of the alleged violation, will receive the charges, conduct any hearing that may be necessary, and resolve the matter. While the decisionmaking process at the PSE appeared slower than at the CBOE, its system of peer review appeared to function effectively.

## 2. The PHLX

The Options Study's inspection of the PHLX revealed that much of its surveillance and investigation was done informally. While it appeared that the numerous options surveillance reports that the PHLX creates and receives are reviewed daily to determine whether improper trading practices may have occurred, investigation usually consists of telephone calls, reviews of order tickets and reports, and personal discussions with members. Records of such inquiries and their results are not generally maintained.

Because there were no records of informal inquiries and few investigative case files or disciplinary proceedings to review, it was difficult for the Options Study to ascertain the effectiveness and

thoroughness of PHLX investigation and enforcement programs. The few files and formal proceedings that were reviewed, however, were relatively complete and adequately evaluated.

Accordingly, the Options Study recommends:

THE PHLX SHOULD PROVIDE COMPLETE DOCUMENTATION WITH RESPECT TO ROUTINE SURVEILLANCE FUNCTIONS AND INVESTIGATIONS THAT THE EXCHANGE PERFORMS. SUCH DOCUMENTATION IS NECESSARY TO ASSURE THAT THE PHLX IS CARRYING OUT ITS STATUTORY RESPONSIBILITIES PROPERLY.

### 3. The AMEX

The American Stock Exchange inspection revealed that trading practices that may have been inconsistent with the Act or AMEX rules were often detected. After detection, potential violations were investigated. Like the CBOE and PSE, the AMEX keeps a record of each case that it investigates, and AMEX case files generally contain a description of the trading activity that the surveillance staff considered questionable, surveillance reports that were used to detect the activity, an explanation of the steps that were taken to investigate the matter, and the recommendations of the analyst for disposition of the case. Handwritten notes among senior staff members frequently evidenced their review of the case and participation in its disposition.

The Options Study's inspection of the AMEX, however, caused the Options Study some concern. Most significantly, a troublesome

pattern of case closings was observed. <sup>43/</sup> These case closings involved suspected minimanipulation, capping, or prearranged trading by AMEX specialists or ROTs. After the questionable trading was detected, information concerning the specialist or ROT positions and activity was obtained, and testimony was taken. The specialist or ROT who engaged in the possibly improper conduct then gave an explanation of the trading, and the staff, usually after lengthy internal discussions, and often with some reluctance, closed the case. Because the AMEX staff is able to issue a Statement of Charges without working through a committee of members, each case was closed without member participation or review. Frequently, staff memoranda indicated that the case was being closed since "the Exchange would probably be unsuccessful in prosecuting the matter before a disciplinary panel [of members]" if the specialist or ROT "could offer a reasonable economic explanation" of his activity.

The Options Study finds these closing procedures troublesome for four reasons. First, there is almost always some reasonable

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<sup>43/</sup> The Options Study has not attempted to determine whether violations of the Act or AMEX rules occurred in the cases that were reviewed. Rather, the Options Study examined the cases to understand the extent and thoroughness of AMEX investigations after potential violations are detected, the standards applied in making the decision of whether to issue a Statement of Charges to a member, and the circumstances under which investigations are terminated.

explanation for trading activity, particularly where stock and numerous options series and classes are being traded. At the same time, there is usually another explanation for the activity which, if true, would involve a violation of the securities laws. As a result, the existence of a logical explanation for trading should not alone determine whether a Statement of Charges should be issued.

Second, since cases are closed if the staff believes that a panel of members will not impose disciplinary sanctions under the circumstances, the staff effectively sets the standards, both legal and ethical, for conduct on the AMEX floor with no member involvement. Even though many of the closed cases involved trading patterns that were clearly suspicious, the AMEX membership was never formally consulted with regard to whether such trading should be permitted on the exchange. While the independence of the staff must be maintained and the membership need not become involved in each investigation or each determination of whether a Statement of Charges should be issued, effective self-regulation requires that the members of the self-regulatory organizations play an active role in defining standards to guide their trading conduct, particularly where ethical, rather than legal, standards are at issue.

Third, AMEX analysis of particular fact situations appeared, in certain instances, to be less careful and thorough than that observed at the CBOE and PSE. Explanations that were given for trading activity

often should have been subjected to more rigorous analysis, and the details of cases were too frequently overlooked or considered unimportant. Perhaps because the AMEX staff is not required to prepare cases formally, either for review after closing or for determining whether a Statement of Charges should be issued, facts and legal arguments did not appear to be marshalled and presented as forcefully or as precisely as the exchange's responsibility under the Act requires.

Finally, case files revealed a number of instances in which the AMEX reporting requirements and rules concerning the responsibilities of members to cooperate with exchange investigations may have been violated. In some cases, for example, members did not file reports or keep records that Commission or AMEX rules require; in other cases, reports that were filed were inaccurate. In some instances, members refused to cooperate with the AMEX staff during an inquiry. In none of these situations was the member disciplined for his activities.

The Study has discussed these concerns with the AMEX. Subsequently, senior officials at the exchange outlined a number of steps that might be taken to improve AMEX investigation and enforcement programs. Specifically, they suggested that a special committee of the Board of Governors should be established to review regularly all closed

cases and that more formal procedures for closing cases should be devised. With respect to the special committee, the Options Study has been informed:

The Exchange Administration will recommend to its Board of Governors that a special committee be established to make periodic reviews of the Exchange's compliance activities. This committee would consist of the Chairman, the President, the Executive Vice President for Legal and Regulatory Affairs, one public governor and two industry governors (one from the floor and one from "upstairs").

This committee would make an in-depth review at least annually of the investigations and disciplinary proceedings conducted by the Compliance Department. The review would include types of possible improper activities noted, including any patterns of activity; standards and procedures employed in making decisions at each stage of a matter as to whether it should be closed or a disciplinary proceeding brought; and other matters relating to the work of the Compliance Department. 44/

In addition, the AMEX has undertaken to examine its case closing procedures with a view toward formalizing them.

Accordingly, the Options Study recommends:

THE AMEX SHOULD FORM A SPECIAL COMMITTEE OF ITS BOARD OF GOVERNORS THAT WILL REVIEW THE INVESTIGATION AND ENFORCEMENT ACTIVITIES OF THE EXCHANGE. THE COMMITTEE SHOULD BE COMPOSED,

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44/ Letter to Richard Teberg, Director, Special Study of the Options Markets, from Norman Poser, Executive Vice President, American Stock Exchange, dated October 3, 1978.

AS SUGGESTED, OF FLOOR AND NONFLOOR MEMBERS, EXCHANGE OFFICIALS AND A REPRESENTATIVE OF THE PUBLIC. IN ADDITION TO ITS GENERAL REVIEW, THE COMMITTEE SHOULD SPECIFICALLY EXAMINE, AT LEAST EVERY SIX MONTHS, EVERY INVESTIGATIVE FILE IN WHICH THE INVESTIGATIVE AND ENFORCEMENT ACTIVITIES OF THE STAFF HAVE BEEN COMPLETED. THE FILE SHOULD IDENTIFY THE REASONS THAT THE INVESTIGATION WAS INITIATED, THE STEPS THAT WERE TAKEN TO INVESTIGATE THE MATTER, THE CONCLUSIONS THAT WERE REACHED CONCERNING EACH ASPECT OF THE POTENTIALLY VIOLATIVE CONDUCT, THE RATIONALE FOR EACH CONCLUSION, AND FULL DOCUMENTATION TO SUPPORT THE RESULT.

FURTHER, COMMISSION INSPECTIONS OF THE AMEX SHOULD EMPHASIZE A REVIEW OF CASE FILES THAT ARE CLOSED AFTER INVESTIGATION TO ASSURE THAT AMEX ENFORCEMENT RESPONSIBILITIES ARE PROPERLY CARRIED OUT.

#### 4. The MSE

The MSE keeps a log of unusual option trading involving MSE options and any related stock activity. It also keeps a log of unusual activity reports that its Order Book Officials file. The Options Study reviewed these logs for approximately a two year period and examined every investigative file that the MSE had formally opened.

The review of surveillance logs and reports caused the Options Study to question the adequacy of MSE investigation and enforcement efforts. The logs contained numerous indications that questionable trading practices may have occurred on the exchange, but MSE records seldom contained evidence that the matter had been pursued in any

way. As a consequence, it is impossible to determine the regularity, adequacy, or extent of exchange investigations of potential improprieties that its surveillance systems detected. Moreover, the case files that the Study did review suggest that MSE investigations may not be as thorough as its statutory responsibility mandates. Cases were frequently closed before sufficient information had been obtained to allow a proper determination of whether a violation had occurred, and there was no indication that clearly improper conduct had been investigated or sanctioned.

Accordingly, the Options Study recommends:

THE COMMISSION SHOULD CONDUCT A COMPLETE INVESTIGATION OF THE MSE OPTIONS SURVEILLANCE PROGRAM. THE INSPECTION SHOULD SEEK TO DETERMINE WHETHER THE MSE HAS THE ABILITY TO ENFORCE COMPLIANCE WITH THE ACT, THE RULES AND REGULATIONS THEREUNDER, AND MSE RULES WITH RESPECT TO OPTIONS TRADING ON THE MSE FLOOR.





AMIX OPTIONS DAILY JOURNAL REPORT - 02/02/78

WESTINGHOUSE-ELEC WXJD (C MX OCT 78 20 1 SPEL.MANN-DRAGO-WINGE (0872)-30027

POST - 01

TIME	QUOTED MARKET		SPREAD	STOCK	TIME	VOLUME	PRICE	VARIATION	PURCHASES				SALES				
	P.L.	17 7/8							P.C.	17 7/8	TRADER	SB	VOL	SPEC	TRADER	SB	VOL
10 12	7/8	15/16	1/16	18	10 12	3	7/8	- 0									
10 22	13/16	7/8	1/16	18	10 22	3	7/8	- 0									
10 23	7/8	15/16	1/16	18	10 23	3	7/8	- 0									
				18	10 36	10	15/16 +	1/16						WOLDS	6	2	2
				18	10 42	2	15/16 + 0							KOENDEL		2	
				18	10 48	2	7/8 -	1/16									
				16	11 12	5	15/16 +	1/16						WOLDS		1	2
				18	11 33	3	7/8 -	1/16						KOENDEL		1	
11 40	13/16	15/16	1/8	18	11 47	3	7/8 - 0										
12 07	13/16	7/8	1/16	17 7/8													
12 27	13/16	15/16	1/8	17 7/8	12 31	30	15/16 +	1/16						KOENDEL	6	6	
				17 7/8										WOLDS	6	6	
1 14	7/8	15/16	1/16	17 7/8	1 06	3	7/8 -	1/16									
				18	1 17	2	7/8 - 0										
				18	1 42	28	15/16 +	1/16									
				18	1 56	65	15/16 + 0							WOLDS		1	
				18	1 58	10	15/16 + 0							KOENDEL		36	10
1 58	7/8	1	1/8	18	2 09	26	15/16 + 0										
				18 1/8	2 11	20	15/16 + 0										
2 43	7/8	15/16	1/16	18 1/8	3 14	2	15/16 + 0										
3 14	7/8	1	1/8	18	3 20	1	15/16 + 0										
3 28	7/8	15/16	1/16	18	3 30	3	15/16 + 0										
				18 1/8	3 59	10	7/8 -	1/16									

234 CONTRACTS TRADED

21 TRADES

11 AVERAGE CONTRACTS PER TRADE

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AMEX OPTIONS DAILY JOURNAL REPORT - 02/02/78

WESTINGHOUSE-ELEC WRJD IC WX OCT 78 20 1 SPEC MANN-DRAGU-WINGE (0072)-50027

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TIME	QUOTED MARKET	SPREAD		STLCK	TIME	VOLUME	PRICE	VARIATION	PURCHASES				SALES			
		UNCH.	1/16						1/8	3/16	1/4	5/16-3/8	7/16-1/2	9/16-5/8	11/16-3/4	13/16-7/8
AT EACH VARIATION	UNCH.	1/16	1/8	3/16	1/4	5/16-3/8	7/16-1/2	9/16-5/8	11/16-3/4	13/16-7/8	15/16-1	1+				
TRADES (CUM PCT)	13 61.9%	8 100.0%	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00
CONTRACTS (CUM PCT)	143 61.1%	91 100.0%	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00
AVERAGE VARIATION								\$ .024								
AT EACH SPREAD	UNCH.	1/16	1/8	3/16	1/4	5/16-3/8	7/16-1/2	9/16-5/8	11/16-3/4	13/16-7/8	15/16-1	1+				
QUOTES (CUM PCT)	0 .00	7 63.6%	4 100.0%	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00	0 .00
AVERAGE SPREAD								\$ .085								

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KONDEL LOGOR --POSITION  
WOODS L0012 --POSITION





RECONCILIATION CLEARANCE SHEET TRADE: 11/18/77 0819L: 11/23/77 PROCEEDS: 11/23/77 P 03

SECURITY DESCRIPTION: NATIONAL SEMICONDUCTOR CORP  
 SEC-SYMBOL: NSM  
 CUSIP NO: 637648103 000  
 UNIT-OF-TRADING: 100-SHARES  
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BUY	BUY	SELL	SELL	SHARES	UNIT-PRICE	VALUE	BUY	BUY	SELL	SELL	SHARES	UNIT-PRICE	VALUE
CM NO	ALPHA	CM NO	ALPHA				CM NO	ALPHA	CM NO	ALPHA			
0054	AGB	0001	RJN	400	20.25000	8,100.00	0161	B	0001	RJN	100	20.25000	2,025.00
0030	B	0004	SB	1,000	20.00000	20,000.00	0487	T	0004	SB	200	20.25000	4,050.00
0141	M	0004	SB	200	20.00000	4,000.00	0487	EFN	0004	SB	500	20.25000	10,125.00
0141	M	0015	DM	200	20.12500	4,025.00	0487	EFN	0015	DM	100	20.25000	2,025.00
0030	B	0030	B	100	20.12500	2,012.50	0071	T	0030	B	200	20.25000	4,050.00
0141	M	0030	B	1,000	20.12500	20,125.00	0071	C	0030	B	800	20.12500	16,100.00
0204	C	0030	B	200	20.00000	4,000.00	0320	JJC	0030	B	200	19.87500	3,975.00
0418	S	0030	B	100	20.12500	2,012.50	0320	PA	0030	B	200	20.12500	4,025.00
0320	JJC	0045	EP	400	19.87500	7,950.00	0320	DM	0045	EP	1,000	20.12500	20,125.00
0015	DM	0161	M	400	20.12500	8,050.00	0071	T	0161	M	600	20.25000	12,150.00
0221	PM	0161	M	500	20.12500	10,062.50	0204	C	0161	M	100	20.00000	2,000.00
0320	JJC	0161	M	100	20.00000	2,000.00	0320	JJC	0161	M	100	19.87500	1,987.50
0418	S	0161	M	100	20.12500	2,012.50	0204	C	0201	GED	800	20.00000	16,000.00
0320	JJC	0201	GED	1,000	20.00000	20,000.00	0071	DM	0221	PM	100	20.12500	2,012.50
0071	T	0242	LMT	200	20.00000	4,000.00	0071	DM	0277	L	300	20.12500	6,037.50
0161	M	0277	L	500	20.12500	10,062.50	0161	M	0277	L	400	20.00000	8,000.00
0204	C	0277	L	200	20.12500	4,025.00	0320	JJC	0277	L	600	19.87500	11,925.00
0411	LFB	0277	L	200	20.12500	4,025.00	0015	DM	0204	C	200	20.25000	4,050.00
0161	M	0204	C	300	20.12500	6,037.50	0161	M	0204	C	100	20.25000	2,025.00
0221	PM	0204	C	400	20.00000	8,000.00	0204	C	0204	C	3,400	19.87500	111,300.00
0302	DM	0204	C	100	19.87500	1,987.50	0320	JJC	0204	C	3,000	20.00000	60,000.00
0487	EFN	0204	C	100	20.25000	2,025.00	0161	M	0302	DM	500	20.12500	10,062.50
0221	PM	0302	DM	100	20.12500	2,012.50	0204	C	0302	DM	7,000	20.00000	140,000.00
0204	C	0302	DM	700	20.12500	14,087.50	0320	JJC	0302	DM	7,000	20.00000	140,000.00
0411	LFB	0302	DM	200	20.12500	4,025.00	0015	DM	0320	JJC	200	20.12500	4,025.00
0161	M	0320	JJC	1,100	20.12500	22,137.50	0420	DM	0320	JJC	500	20.12500	10,062.50
0487	EFN	0320	JJC	500	20.12500	10,062.50	0054	AGB	0333	WM	500	20.25000	10,125.00
0487	EFN	0333	WM	500	20.12500	10,062.50	0015	DM	0360	IFB	500	20.25000	10,125.00
0161	M	0360	IFB	300	20.25000	6,075.00	0201	GED	0360	IFB	500	20.25000	10,125.00
0221	PM	0360	IFB	1,000	20.25000	20,250.00	0015	DM	0411	LFB	100	20.12500	2,012.50
0161	M	0418	S	100	20.12500	2,012.50	0204	C	0433	B	100	20.00000	2,000.00
0320	JJC	0433	B	100	20.00000	2,000.00	0487	EFN	0433	B	100	20.00000	2,000.00
0015	DM	0443	P	500	20.25000	10,125.00	0161	M	0443	P	100	20.12500	2,012.50
0204	C	0443	P	500	20.00000	10,000.00	0320	JJC	0443	P	200	20.00000	4,000.00
0352	BS	0443	P	300	20.00000	6,000.00	0015	DM	0487	EFN	100	20.25000	2,025.00
0161	M	0487	EFN	400	20.00000	8,000.00	0161	M	0487	EFN	100	20.25000	2,025.00
0141	M	0487	EFN	600	20.12500	12,075.00	0320	JJC	0487	EFN	300	20.00000	6,000.00
0701	ROL	0501	SLK	100	20.12500	2,012.50	0161	M	0540	BEK	800	20.25000	16,200.00
0015	DM	0545	H	100	20.12500	2,012.50	0054	AGB	0545	H	100	20.12500	2,012.50
0141	M	0545	H	100	20.12500	2,012.50	0204	C	0545	H	300	20.12500	6,037.50
0320	JJC	0545	H	500	20.12500	10,062.50	0352	BS	0545	H	500	20.12500	10,062.50

ITEMS 82 \*\* SHARES 52,100 \*\* VALUE 1,044,012.50 \*\*

BUY	BUY	BUY	BUY	BUY	SELL	SELL	SELL	SELL	SELL
CM NO	ALPHA	CM NO	ALPHA	ITEMS	CM NO	ALPHA	CM NO	ALPHA	ITEMS
0015	DM			10	0001	RJN			2
				2,500					500
				004.8					001.0