

[22160001]

CHICAGO - Options traders were among the big victims of Friday's plunging stock market, including one small firm that required an emergency \$ 50 million bailout.

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While Monday's rebounding markets helped other investors recoup losses, many options customers and professional traders in stock-index options and the options on takeover stocks were left with multimillion-dollar losses, traders here and in New York said.

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Options traders were hurt worse than others on Friday because of the highly volatile nature of options, which often rise or fall in value several times the amount of the price change in the individual stock or index of stocks on which they are based.

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Jeffrey Miller of Miller Tabak Hirsch & Co. said that given the high degree of leverage in the options market, it is "very easy for these guys to get wiped out."

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That may just be the nature of these highly leveraged little creatures.

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They then had no choice in many cases but to sell the contracts at prevailing prices - in most cases at a substantial loss.

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The latest round of losses is likely to be a serious blow to the Chicago Board Options Exchange, which has never fully recovered from the aftershock of Black Monday, when investors fled the market because of huge losses.

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Making matters worse was the fact that late Friday afternoon the CBOE halted stock-index options trading in step with the Chicago Mercantile Exchange's halt in stock-index futures.

[22160012]

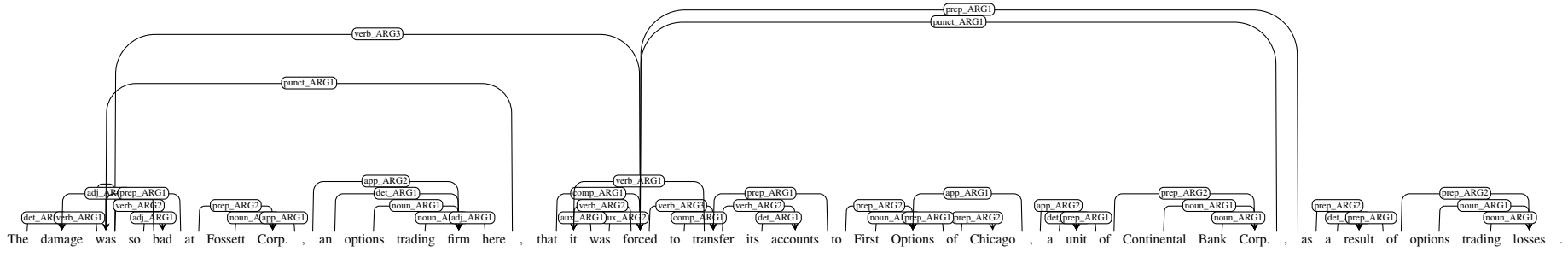
But while the Merc reopened a half hour later, the CBOE remained closed, leaving many options traders unable to make trades that might have reduced the losses.

[22160013]

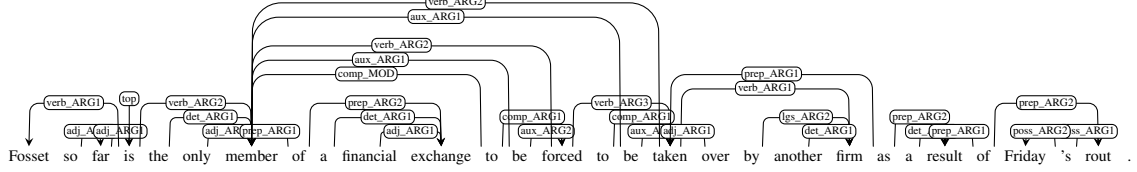
CBOE Chairman Alger Duke Chapman said that, unlike the futures market, the options exchange has to open in a rotation that allows each different options series to trade.

[22160014]

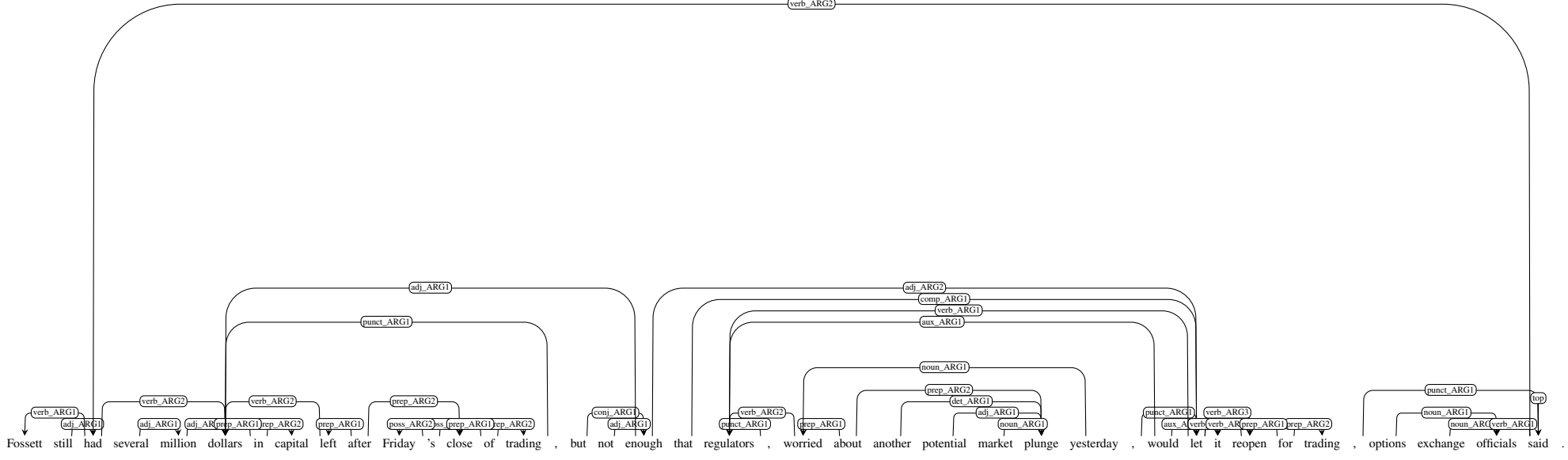
Exchange officials reasoned that they would n't have been able to make such a rotation with the time remaining Friday afternoon, and with the stock-index futures on the verge of closing for a second and final time, the CBOE reasoned that its best course was to remain closed.



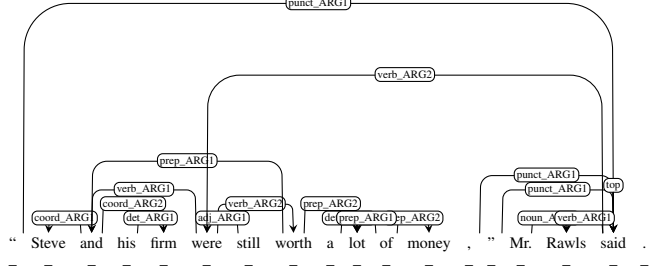
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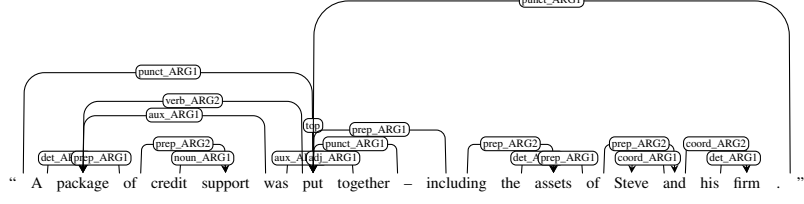
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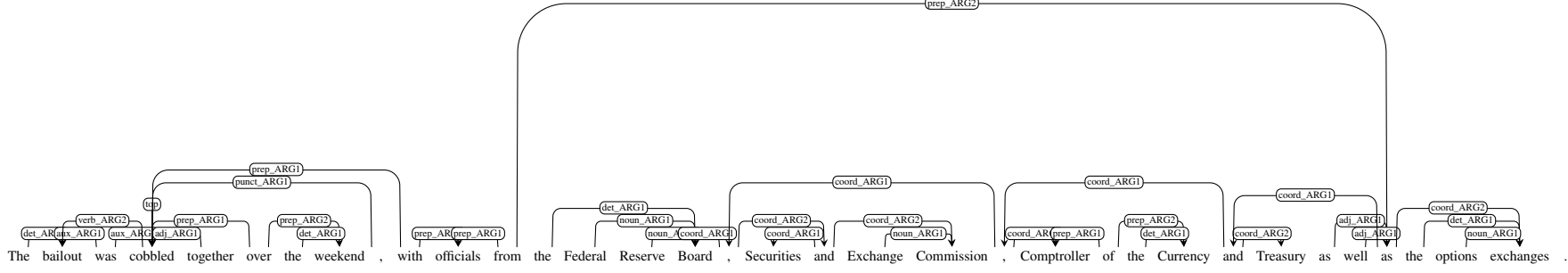
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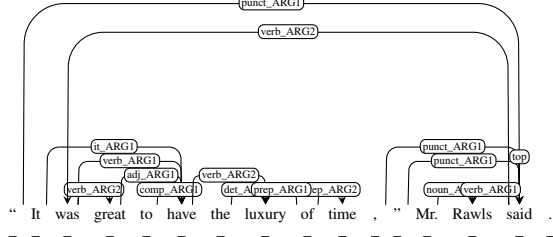
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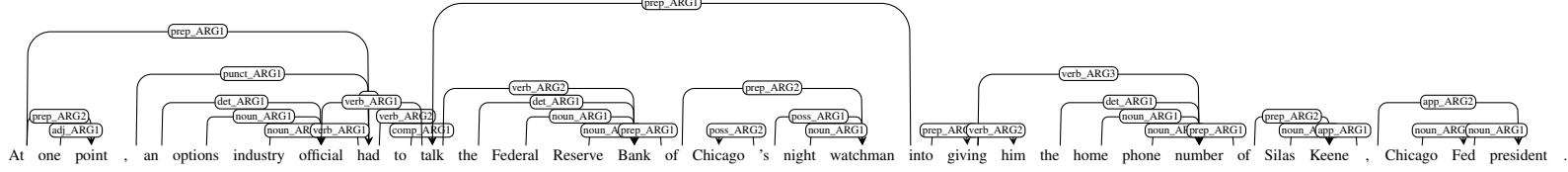
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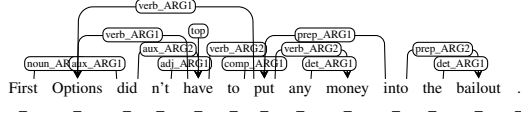
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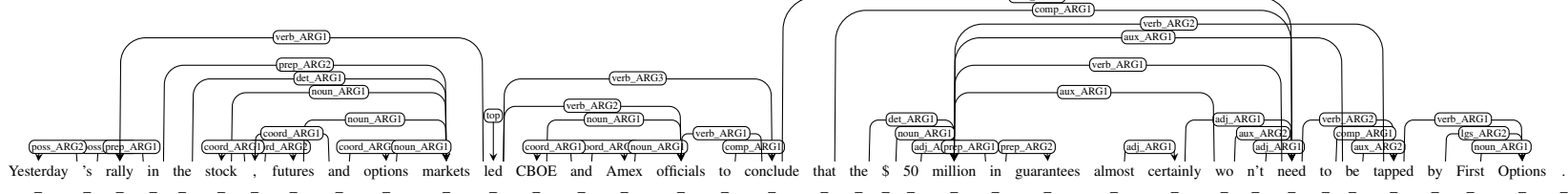
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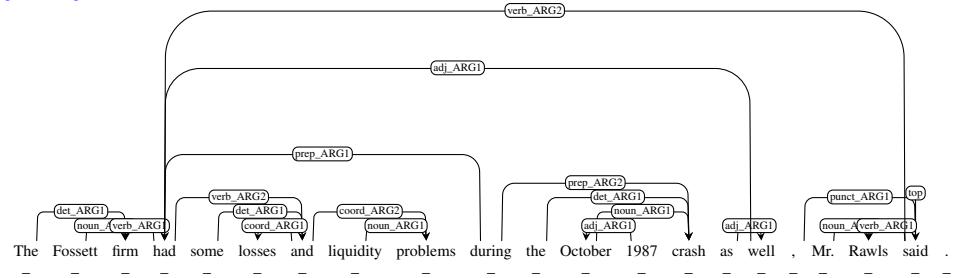
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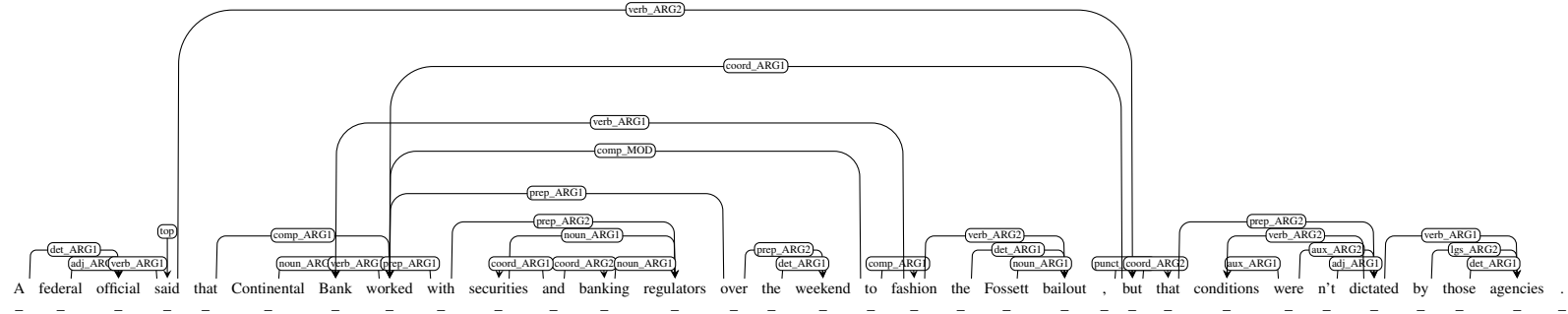
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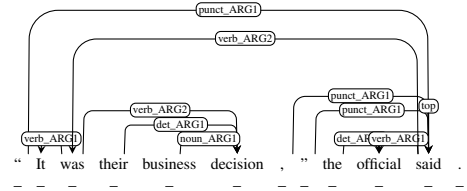
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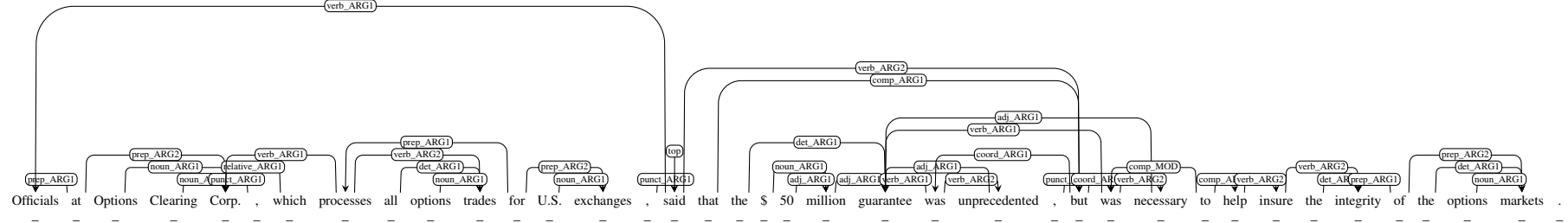
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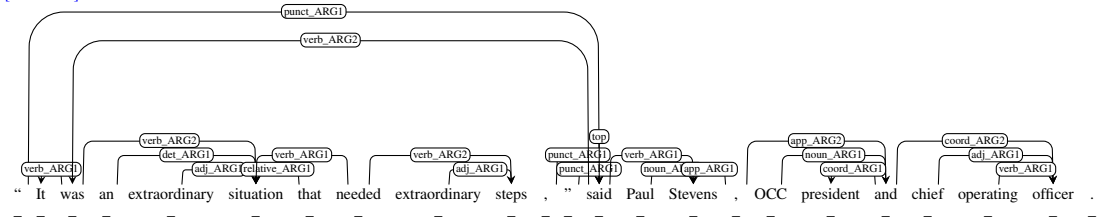
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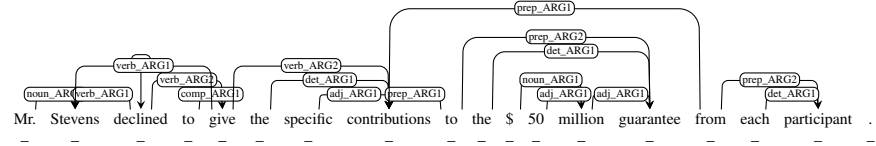
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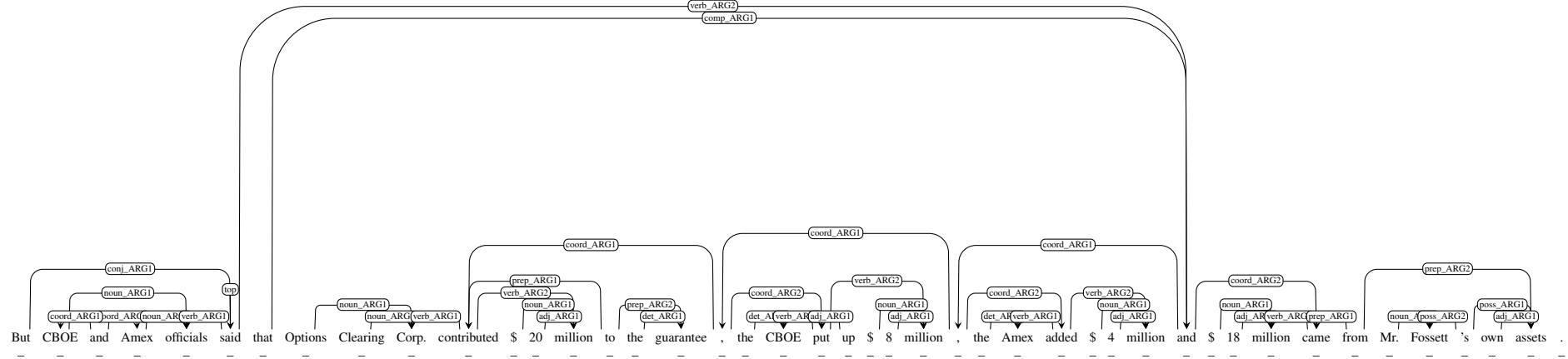
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