



Regulatory Circular RG03-77
(RG03-54 Revised)

DATE: September 12, 2003
TO: Clearing Firms
FROM: Department of Market Regulation
SUBJECT: Back office administrative extension of Contrary Exercise Advice (CEA)
submission time

Pursuant to CBOE Rules 11.1(b) and 11.1.06(d),¹ clearing firms will have an additional hour to submit to the CBOE, contrary exercise advices (CEAs) and advice cancels (CEA Cancels) for expiring equity options for certain accounts as described below for the September 2003 expiration. **This extension of time does not extend to the current 4:30 p.m. (CT) cut-off time for making a CEA decision.** This determination was made to ensure that CBOE CEA cut-off times are consistent with the cut-off times of other options exchanges as previously has existed in order to avoid the confusion and operational and administrative difficulties to members and their customers that would result if different cut-off times were in place.² The additional 1-hour submission time applies to the following accounts:

- Non-member customer accounts if the clearing firm is in receipt of the customer's internal CEA or CEA Cancel by 4:30 p.m. (CT) and documents such acceptance via an electronic time-stamp; and
- Non-customer accounts if the member utilizes a submission device with an electronic time stamp (i.e., e-mail or internal computer record) to record the delivery of an internal CEA or CEA Cancel to the clearing firm by 4:30 p.m. (CT).

In those cases where members do not employ an electronic submission device, non-customer CEAs or CEA Cancels must be submitted to CBOE by 4:30 p.m. (CT). This includes market-maker accounts that normally submit CEAs to CBOE manually via a drop off box located at a clearing firm.

In connection with the use of electronic submission methods, members and clearing firms must establish a fixed procedure to ensure that the electronic time stamps for CEAs and CEA Cancels are secure.

Questions concerning this circular can be directed to Mike Felty at (312) 786-7504 or Pat Cerny at (312) 786-7722.

¹ These rule provisions provide that the President or his designee may extend the cut-off time for the delivery of CEAs and CEA Cancels if unusual circumstances are present.

² This action was taken in light of another options exchange amending its rules to provide for these revised cut-off times. CBOE also intends to submit a rule filing to incorporate these revised cut-off times into CBOE's rules.