



Regulatory Circular RG04-37

DATE: March 12, 2004
TO: Members
FROM: Department of Market Regulation
SUBJECT: Permanent Approval of Rule Change to Extend the Contrary Exercise Advice (CEA) Submission Time for Certain Accounts

The Securities and Exchange Commission has approved Chicago Board Options Exchange, Incorporated ("CBOE") rule filing SR-CBOE-2003-47, which, in part, extends the deadline for members and member organizations to submit contrary exercise advices (CEAs) and CEA cancels to the CBOE for expiring equity options from 4:30 p.m. (CT) to 5:30 (CT) p.m. (See attached regulatory circular RG04-36 for a more comprehensive description of the CEA submission process). Please be advised that all option holders must still submit exercise decisions by 4:30 p.m. (CT). The one-hour extension is extended only to members and member organizations for forwarding CEAs and CEA cancels to the CBOE and applies to the following accounts:

- Customer accounts if the member or member organization is in receipt of the customer's internal CEA or CEA Cancel by 4:30 p.m (CT); and
- Non-customer accounts if the member or member organization 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 member organizations 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 Pat Cerny at (312) 786-7722 or Rich Pedraza at (312) 786-7077.