



Regulatory Circular RG05-10

DATE: January 13, 2005

TO: Members and Member Firms

FROM: Market Operations Department

RE: Restrictions on Transactions in Certain
Fannie Mae (FNM) Options

Trading in a specific series of Fannie Mae (FNM) has been restricted. The FNM February 50, 55, 60, 65, 70, 75 & 80 option series has been restricted to closing orders only.

Accordingly, only closing transactions may be effected in the FNM February 50, 55, 60, 65, 70, 75 & 80 option series except for (i) opening transactions by market-makers executed to accommodate closing transactions of other market participants and (ii) opening transactions by CBOE member organizations to facilitate the closing transactions of public customers executed as crosses pursuant to and in accordance with CBOE Rule 6.74(b) or (d). The FNM February 50, 55, 60, 65, 70, 75 & 80 option series is not eligible for automatic execution in the CBOE Hybrid Trading System under Rule 6.13. Other FNM option series or FNM option symbols different than those listed above are not subject to these restrictions.

The execution of opening transactions in the FNM February 50, 55, 60, 65, 70, 75 & 80 option series, except as permitted above, and/or the misrepresentation as to whether an order is opening or closing, will constitute a violation of CBOE rules, and may result in disciplinary action.

The Options Clearing Corporation (OCC) has confirmed to CBOE that the expiration of the FNM February 50, 55, 60, 65, 70, 75 & 80 option series will remain subject to OCC's Exercise-by-Exception Procedures.

Any questions regarding this circular may be directed to Kerry Winters at (312) 786-7312 or James Flynn at (312) 786-7070.