



REGULATORY CIRCULAR RG06-34

TO: Members and Member Firms - Compliance Departments
FROM: Regulatory Services Division/Legal Division
RE: Extension of Rule 6.45A(b) and Applicability of Section 11(a)(1)
DATE: April 7, 2006

A proposed rule change to extend the duration of paragraph (b) of Rule 6.45A, *Priority and Allocation of Equity Option Trades on the CBOE Hybrid System*, through July 14, 2006 has become effective (see Release 34-53524; SR-CBOE-2006-22). Paragraph (b), which would have otherwise expired on March 14, 2006, relates to the allocation of orders represented in open outcry. This is merely an extension of the duration of the effectiveness of paragraph (b), no other changes are being made at this time.

In order to effect proprietary transactions on the floor of the Exchange, in addition to complying with the requirements of CBOE Rule 6.45A(b), members are also required to comply with the requirements of Section 11(a)(1) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. 78k(a)(1), or qualify for an exemption. Section 11(a)(1) of the Exchange Act restricts securities transactions of a member of any national securities exchange effected on that exchange for (i) the member's own account, (ii) the account of a person associated with the member, or (iii) an account over which the member or a person associated with the member exercises discretion, unless a specific exemption is available.

Members seeking further information as to previous extensions of the duration of CBOE Rule 6.45A(b), and the application of Section 11(a)(1) of the Exchange Act or any of the exemptions from the prohibitions of that section, should refer to Regulatory Circulars RG05-102 and RG05-103 (both issued November 2, 2005) and RG06-01 (issued January 3, 2006), or contact Angelo Evangelou, Legal Division, at (312) 786-7464.