CHICAGO BOARD OPTIONS EXCHANGE

DATE: April 27, 2006

TO: All Exchange Members

FROM: Regulatory Services Division

RE: Index Option Classes Eligible for NASD Short Sale Rule Option Market-Maker Exemption

The purpose of this circular is to inform market-makers of the current listing of certain index option classes whose components may be eligible for the limited exemption from the NASD Short Sale Rule, pursuant to Exchange Rule 15.10. It is recognized that the exemption is necessary and appropriate for the hedging of certain index options, which have a significant proportion of the underlying value comprised of NASDAQ stocks. Therefore, for index options for which at least 10% of the market capitalization of the underlying index is comprised of NASDAQ stocks, the hedge exemption is available for the NASDAQ stocks in that index, subject to certain restrictions. For a complete description, see Regulatory Circular RG95-40, Options Market-Maker Limited Exemption from NASD Short Sale Rule.

The list of index option classes, which are eligible for the exemption will generally be reviewed on a quarterly basis and published from time to time in the Regulatory Bulletin. Once eligible, a class will become ineligible if at a quarterly review the market capitalization has fallen below 8%. As of this date the index option classes that qualify include the following:

Stock Symbol	Index
CYX	CBOE China Index Options
DTX	Dow Jones Transportation Average
GTC	GSTI™ Composite Index Options
INX	CBOE Internet Index Options
JXA, JXB, JXD and JXE	Weekly Short-Term S & P 500 Index Options
MML	CBOE Mini – NDX Long-Dated Options
MNX	MNX℠ - CBOE Mini-NDX Index Options
MVR	Morgan Stanley Retail Index Options
NDX	Nasdaq-100® Index Options
NFT	Morgan Stanley Multinational Company Index
OEX	S & P 100® Index Options - American
PVC	CBOE PowerPacks Technology Index
PVL	CBOE PowerPacks Internet Index
PVP	CBOE PowerPacks Biotechnology Index
PVU	CBOE PowerPacks Semiconductor Index
RAV	Russell 3000® Value Index

Stock Symbol	Index
RLG	Russell 1000® Growth Index
RLV	Russell 1000® Value Index
RMC	Russell Midcap® Index
RMN	Mini-Russell 2000® Index Options
RPY	CBOE PowerPacks℠ Retail Index
RUA	Russell 3000® Index
RUI	Russell 1000® Index
RUT	Russell 2000® Index
RZA, RZB, RZD, and RZE	Weekly Short-Term S & P 100 Index Options
SML	S & P® SmallCap 600 Index Options
SPL	S & P Long-Dated Options
SPX	S & P 500® Index Options
TXX	CBOE Technology Index
VIX	CBOE Volatility Index® (VIX®) Options
XEO	European–style S & P 100® Index Options
XSP	Mini-SPX Index Options

Any questions in connection with this circular should be directed to Joanne Heenan at (312) 786-7786, Department of Market Regulation.

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