CHICAGO BOARD OPTIONS EXCHANGE

Regulatory Circular RG08-137

Date: October 21, 2008

To: Members

From: Market Quality and Allocation Committee

Re: Modified Bid/Ask Differentials

Previously, the Market Quality and Allocation Committee ("Committee"), by its authority under the provisions of Exchange Rule 8.7(b)(iv), granted bid/ask relief through the October expiration cycle in the option series overlying all financial company stocks that had been affected by the emergency order prohibiting short sales. (See RG08-129). Specifically, the Committee granted triple wide relief on the open for both open outcry as well as electronic quotations, and triple wide relief in open outcry throughout the trading day. Additionally, the Committee determined to grant double width relief on the open through the October expiration cycle for the option series not affected by the emergency order prohibiting short sales.

Due to the unusual market conditions, the Committee has determined to continue the modified bid/ask relief through November expiration that it previously granted as set forth above and in RG08-129. A list of the classes that were previously subject to the emergency order prohibiting short sales can be found at http://www.cboe.com/ShortSale.

The Committee has granted this relief with the contingency that the disseminated markets in these classes will be competitive and in many instances will be narrower than the relief granted. The Committee will continue to monitor the activity in the underlying securities of these options, and will modify the bid/ask differentials in the respective options accordingly.

Any questions regarding this circular should be directed to the Market Quality Assurance Department at mqa@cboe.com.

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(Replaces RG08-129.)