



Regulatory Circular RG03-09

DATE: January 28, 2003

TO: Members and Member Firms

FROM: Market Operations Department

RE: Restrictions on Transactions in
Endocare Inc. (PFU)

Trading in Endocare Inc. common stock on the NASDAQ (ENDOE) and trading in PFU options on the CBOE was halted December 12, 2002. Subsequently the stock was delisted from the NASDAQ on January 16, 2003.

Trading on CBOE in existing series of PFU options will reopen on February 3, 2003, subject to the following restrictions. Only closing transactions may be effected in any series of PFU options, 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). Pursuant to Rule 8.51, floor officials have determined that all series of PFU option are in non-firm mode. In addition, PFU will not be traded on RAES.

The execution of opening transactions in PFU options, 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.

There are no restrictions in place with respect to the exercise of PFU options and the Options Clearing Corporation (OCC) has advised CBOE that the expiration of PFU options will remain subject to OCC's Exercise-by-Exception Procedures.

The provisions of this circular apply to any options on Endocare Inc. traded on CBOE, including any Endocare Inc. option series with a different option symbol than PFU.

Any questions regarding this circular may be directed to Kerry Winters at (312) 786-7312 or Mike Felty at (312) 786-7504.