



**Regulatory Circular RG03-40  
(RG03-21 Revised)**

**DATE:** June 18, 2003

**TO:** Members and Member Firms

**FROM:** Market Operations Department

**RE:** Restrictions on Transactions in  
HealthSouth Corporation (HRC)

Trading in HealthSouth Corporation common stock on the NYSE (HRC) and trading in HRC options on the CBOE was halted on March 19, 2003. Subsequently the stock was delisted from the NYSE on March 25, 2003.

Trading on CBOE in existing series of HRC options reopened on March 26, 2003, subject to the following restrictions. Only closing transactions may be effected in any series of HRC 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 HRC option are in non-firm mode. In addition, HRC will not be traded on RAES.

The execution of opening transactions in HRC 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 HRC options. However, the Options Clearing Corporation (OCC) will not apply Exercise-by-Exception Procedures to HRC options. Therefore, members and member organizations on behalf of their own account or customer account(s) wishing to exercise HRC options must submit a copy of an affirmative Exercise Instruction to the Exchange prior to the standard 4:30 p.m. CST cut-off time. Also, it should be noted that absent the submission of an affirmative exercise notice to the OCC, the options will expire without being exercised.**

The provisions of this circular apply to any options on Healthsouth Corporation traded on CBOE, including any Healthsouth Corporation option series with a different option symbol than HRC.

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