



Regulatory Circular RG01-48

DATE: April 10, 2001
TO: Members and Member Firms
FROM: Market Operations Department
RE: Restrictions on Transactions in
ETOYS Inc. (ETU)

Trading in ETOYS Inc. (ETU) common stock on the NASD and trading in ETU options on CBOE was halted on February 26, 2001 and the NASD subsequently delisted ETU common stock.

Trading on CBOE in existing series of ETU options will reopen on April 11, 2001, subject to the following restrictions. Only closing transactions may be effected in any series of ETU 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). The firm quotation provisions under Rule 8.51 will be suspended in ETU options and the options will not be traded on RAES.

The execution of opening transactions in ETU 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 ETU options and the Options Clearing Corporation (OCC) has advised CBOE that the expiration of ETU options will remain subject to OCC's Exercise-by-Exception Procedures.

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

Any questions regarding this circular may be directed to Kerry Winters at (312) 786-7312 or Patricia Cerny at (312) 786-7722.