



Regulatory Circular RG04-28

DATE: February 26, 2004

TO: Members and Member Firms

FROM: Market Operations Department

RE: Restrictions on Transactions in Certain
Micromuse, Inc. (MUSEE/QUM)

Trading in specific series of Micromuse, Inc. (MUSEE/QUM) has been restricted. The QUM March 5, 7 ½, 10, 12 ½, and 15 option series have been restricted to closing orders only.

Only closing transactions may be effected in the QUM March 5, 7 ½, 10, 12 ½, and 15 option series, 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). In addition, the QUM March 5, 7 ½, 10, 12 ½, and 15 option series will not be traded on RAES. Other QUM option series or QUM option symbols different than those listed above are not subject to these restrictions.

The execution of opening transactions in the QUM March 5, 7 ½, 10, 12 ½, and 15 option series, 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 the QUM March 5, 7 ½, 10, 12 ½, and 15 option series and the Options Clearing Corporation (OCC) has advised CBOE that the expiration of the QUM March 5, 7 ½, 10, 12 ½, and 15 option series will remain subject to OCC's Exercise-by-Exception Procedures.

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