

Date: October 1, 2008
To: Members
From: Market Quality and Allocation Committee
Re: Modified Bid/Ask Differentials

Due to the volatility in the stocks affected by the SEC's emergency order prohibiting short sales and other factors affecting both the options and the underlying, the Market Quality and Allocation Committee ("Committee"), by its authority under the provisions of Exchange Rule 8.7(b)(iv), temporarily modified the bid/ask differentials in the option series overlying all financial company stocks affected by the emergency order prohibiting short sales. (See RG08-119 Modified Bid/Ask Differentials.) This relief was granted from the opening of business on September 25, 2008 until further notice. **The Committee has determined to extend this relief through the October expiration cycle.** Please note that the list of stocks affected by the emergency order is subject to change at any time throughout the trading day. A list of these classes can be found at <http://www.cboe.com/ShortSale>.

Specifically, the Committee has 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. Following the open, bids and offers made electronically shall be no wider than \$5.00. Triple wide relief has been granted 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.

Additionally, the Committee has 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.

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

(Replaces RG08-119.)