



Regulatory Circular RG08-157

DATE: November 25, 2008

FROM: Market Operations Department

RE: Restrictions on Transactions in
Downey Financial Inc. ("DSL")

On Monday, November 24, 2008, The NYSE suspended trading in Downey Financial Inc. ("DSL")

Trading on the CBOE in existing series of DSL options is subject to the following restrictions. Only closing transactions may be affected in any series of DSL 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).

The execution of opening transactions in DSL 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. Member organizations should ensure that they have appropriate procedures in place to prevent their customers from entering opening orders in this restricted option class. In addition, transactions in contravention of this restriction may be subject to nullification pursuant to Exchange Rule 6.25 or 24.16.

There are no restrictions in place with respect to the exercise of DSL options. The provisions of this circular apply to any options on DSL traded on CBOE.

Any questions regarding this circular may be directed to Kerry Winters at (312) 786-7312 or Ji Min Kim at (312) 786-7043.

CBOE restricted class memos can be accessed from CBOE.org at the following web address:

<http://www.cboe.org/Restrictions>