



Regulatory Circular RG09-78

DATE: July 27, 2009
TO: Members and Member Firms
FROM: Market Operations Department
RE: Restrictions on Transactions in
Basin Water Inc. ("BWTR/BQG")

Effective July 27, 2009, the NASDAQ suspended trading in Basin Water Inc. ("BWTR/BQG")

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

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