



Regulatory Circular RG00-107

TO: Members

FROM: Modified Trading System Appointments Committee

DATE: July 13, 2000

RE: SEC Approval of Updated and Reorganized DPM Rules

The Securities and Exchange Commission (SEC) has approved CBOE's rule filing (SR-CBOE-98-54) to update and reorganize CBOE's rule provisions relating to DPMs, effective June 30, 2000. The rule filing incorporates various procedures that have been implemented under CBOE's DPM rules since the inception of the DPM program in 1987 and various improvements and enhancements to the DPM rules. Additionally, the rule filing deletes existing Rules 8.80 and 8.81 and reorganizes the provisions governing the DPM program into the following 12 rules:

Rule 8.80	DPM Defined
Rule 8.81	DPM Designees
Rule 8.82	MTS Committee
Rule 8.83	Approval to Act as a DPM
Rule 8.84	Conditions on the Allocation of Securities to DPMs
Rule 8.85	DPM Obligations
Rule 8.86	DPM Financial Requirements
Rule 8.87	Participation Entitlement of DPMs
Rule 8.88	Review of DPM Operations and Performance
Rule 8.89	Transfer of DPM Appointments
Rule 8.90	Termination, Conditioning, or Limiting Approval to Act as a DPM
Rule 8.91	Limitations on Dealings of DPMs and Affiliated Persons of DPMs

One of the more significant components of the revised DPM rules is Rule 8.89 which sets forth both a detailed procedure for the consideration by the MTS Committee of any proposal to sell, transfer, or assign an interest in a DPM (including a posting process to the membership) and the standards that apply to such consideration. Also approved as part of the filing was a related memorandum from the Board of Directors to the MTS Committee which was previously published to the membership and which provides guidance concerning the types of considerations to be taken into account in evaluating DPM transfer of interest proposals. At the request of the Board of Directors, the MTS Committee has been adhering to these procedures and guidelines since February 1998 in exercising its discretion under the prior DPM rules.

The revised DPM rules and related memorandum will be published in the Regulatory Bulletin and are available from the Market Procedures and Planning Department and the Legal Division. Any questions regarding the revised DPM rules may be directed to Daniel Hustad at (312) 786-7715.