



Regulatory Circular RG03-15

TO: Designated Primary Market-Makers

FROM: MTS Committee

DATE: March 17, 2003

RE: DPM Seat Ownership Requirement

This circular is a reminder to DPM organizations that changes to the DPM seat ownership requirement have been approved by the SEC. More specifically, the seat ownership requirement rule (Rule 8.85(e)) has been amended to require DPM organizations to own a membership for each trading crowd in which the organization serves as DPM. Further, a senior principal in a DPM organization may no longer own the required memberships on behalf of the organization (the required memberships must be owned by the DPM organization). These changes to the seat ownership requirement will become effective on **May 12, 2003**. Below is a summary of the seat ownership requirement as amended.

DPM Seat Ownership Requirement

The provisions relating to the DPM seat ownership requirement are contained in CBOE Rule 8.85(e) and provide that:

- Each DPM *organization* is required to own at least one Exchange membership for each trading location in which the organization serves as a DPM (a trading location is defined as any separate identifiable unit of a DPM organization that applies for and is allocated option classes by the appropriate Allocation Committee).
- Each DPM organization has until May 12, 2003 (90 days from the date of the SEC's approval of the changes to Rule 8.85(e)) to satisfy this new version of the ownership requirement.
- An Exchange membership includes a transferable regular membership or a Chicago Board of Trade full membership that has effectively been exercised pursuant to Article Fifth(b) of the Certificate of Incorporation.
- A senior principal of a DPM organization may no longer own a seat on behalf of the organization to comply with the Rule.

Any questions regarding the DPM seat ownership requirement may be directed to Daniel Hustad, Business Development, at 312-786-7715. Any questions regarding the purchase of a membership may be directed to Stan Leimer, Membership, at 312-786-7299.