



Regulatory Circular RG04-08

TO: Members and Member Firms

FROM: Equity Market Performance and Development Committee

DATE: January 20, 2004

RE: Minimum Market Share Requirements

CBOE Rule 8.60(c) gives the appropriate Market Performance Committee the authority to, among other things, relocate or reallocate option classes to other trading crowds upon a finding that market participants have failed to satisfy their market responsibilities. The evaluation and determination of whether market participants have failed to satisfy their market responsibilities may be based upon any relevant information, including statistical measures of performance and other factors and data, that the MPC deems pertinent.

The Equity MPC has determined that as part of its evaluation, in addition to considering other relevant measures of performance, it will give considerable weight to a trading crowd's market share. In this respect, the MPC expects that trading crowds will attain an average market share of at least 15% over a rolling three-month measurement period in each of their allocated classes that are among the 200 most actively-traded classes across all options exchanges. If after a hearing held pursuant to Rule 8.60(d) the Equity MPC finds that a trading crowd has failed to maintain an average market share of at least 15% during the three-month measurement period in a subject class, the Equity MPC has the authority under Rule 8.60(c) to reallocate the affected option class.

The first three-month measurement period for purposes of evaluating market share data as described in this Regulatory Circular begins February 1, 2004 and will apply to the 200 most actively-traded classes as announced by Equity MPC. Staff will provide to all DPMs a list identifying each of their classes that are included within the Top 200.

If you have any questions regarding the above, please contact either Daniel Hustad at (312) 786-7715 or any member of the Equity MPC.