



Regulatory Circular RG05-56

TO: Members and Member Firms

FROM: Index Market Performance Committee

DATE: June 9, 2005

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 finding after hearing that market participants have failed to satisfy their market responsibilities. In evaluating and determining whether market participants have failed to satisfy their market responsibilities, the Index Market Performance Committee ("IMPC") may consider any relevant information, including statistical measures of performance and other factors and data.

The IMPC 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 IMPC will consider whether the trading crowd has attained an average market share of at least parity (parity is defined as 50% market share in dual traded classes, 33% in triple traded classes, 25% in quadruple traded classes, 20% in quintuple traded classes, and 16.67 in sextuple traded classes), as measured month-to-month over a rolling three-month period. When considered with other relevant information, the failure to attain parity over such time frame may trigger a performance review by the IMPC and may result in remedial action after a hearing as set forth under Exchange Rule 8.60, including, but not limited to the reallocation of option classes to other trading crowds.

The Committee may consider as mitigating or aggravating factors the increase or decrease in market share during the previous quarter, as well as AQWA scores and historical data.

In order to assist each DPM and trading crowd assess their market share, the Committee will distribute to each DPM on a monthly basis statistics regarding market share in the classes traded at the DPM's station.

The Committee is committed to assisting all DPMs to meet their market share targets by working with the DPMs and crowds to heighten their awareness of their market share levels and to develop solid business plans that would result in meeting market share objectives.

If you have any questions regarding the above, please contact either Dennis Carta at 10782 or Daniel Hustad at (312) 786-7715 or any member of the IMPC.