



Regulatory Circular RG07-48

Date: April 25, 2007
To: Membership
From: Allocation Committee
Re: DPM Concentration Guidelines

This circular supplements Regulatory Circular RG99-135 regarding DPM Concentration Guidelines. The Allocation Committee has developed revised guidelines to assist the appropriate Exchange Committee in its review of matters that affect the level of DPM concentration on the Exchange. The appropriate Exchange Committee will evaluate matters related to DPM concentration by considering a number of factors, including the number of products allocated to a DPM, the DPM's participation levels (contract volume) in the products allocated to the DPM, and the number of products allocated to a DPM in which the DPM is the only market participant.

Under the guidelines, the appropriate Exchange Committee intends to conduct a detailed review of a DPM's level of concentration if there is an event or proposal that would cause a DPM to meet any two of the following three criteria:

1. The number of products allocated to a DPM (and any affiliated on-floor DPM, off-floor DPM and/or eDPM) is 25% or more of the total number of products traded on CBOE (excluding DJX, OEX, and SPX).
2. The DPM's (and any affiliated on-floor DPM, off-floor DPM and/or eDPM) participation rate in the products allocated to a DPM is 25% or more of the total volume of CBOE (excluding DJX, OEX, and SPX).
3. The number of products allocated to a DPM (and any affiliated on-floor DPM, off-floor DPM and/or eDPM) in which there are no other market participants is equal to or greater than ten (10).

If there is an event or proposal that would cause a DPM to meet the two above criteria (such as, for example, the allocation to a DPM of additional product or a proposal involving a transfer of interest in a DPM organization), the appropriate Exchange Committee will carefully evaluate the performance of the DPM in its allocated products. Additionally, if the appropriate Exchange Committee determines that the event or proposal would result in an unacceptable level of concentration, the appropriate Exchange Committee may take action authorized under the Rules to lower the resulting level of concentration or to deny the applicable proposal. The appropriate Exchange Committee also retains the discretion to review a DPM's level of concentration at any time regardless of whether the above criteria are satisfied.

Members who have questions regarding this memorandum may contact an Allocation Committee member or Allison Kile at (312) 786-7210.