



## Regulatory Circular RG07-129

Date: November 28, 2007

To: Members and Member Organizations

From: Office of the Secretary

Re: Gratuities Policy – Rule 4.4

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This circular addresses the Exchange's policy regarding the permissibility of members and member organizations giving gratuities to employees of the Exchange and employees of financial concerns ("Gratuities Policy"). The Gratuities Policy restates limitations on gifts that are reflected in Exchange Rule 4.4 ("Rule") and the Exchange's Conflict of Interest Policy.

### Gifts and Gratuities to CBOE Employees

In pertinent part, the Exchange's Gratuities Policy with respect to CBOE employees provides:

- CBOE employees may not accept any gift or gifts (including a gratuity, loan, discount, free service not generally available to the public, or other thing) valued in excess of \$50 (in the aggregate) during any calendar year from the same member or person associated with a member or any person or entity with whom the employee is directly and/or substantially involved in conducting business on behalf of CBOE.
- A gift to the spouse or domestic partner of a CBOE employee from any member or person associated with a member or from any CBOE business contact of the employee shall also be considered a gift to the employee under this policy, with the following exception. If a spouse or domestic partner of a CBOE employee is an employee of a CBOE member or person associated with a member, any salary or other gift from the member or person associated with a member to the spouse or domestic partner shall not be considered a gift to the CBOE employee under this policy.
- If an employee receives gifts from more than one person associated with the same member or member firm, these gifts are considered to be from the same member and are aggregated for the purposes of this Policy.
- Legal Division and Regulatory Services Division employees may not accept any gift that has more than a nominal value (such as a coffee mug) from the same member or any person or entity with whom the employee is directly and/or substantially involved in conducting business on behalf of CBOE.

There are no exceptions to this restriction, without obtaining prior written consent from the Division Head in charge of the employee's division. In the case of Division Heads, this prior written consent must be obtained from the President; in the case of the President, this prior written consent must be obtained from the Chairman; and in the case of the Chairman, this prior written consent must be obtained from the Chairperson of the Audit Committee.

## **Gratuities or Compensation to Employees of Financial Concerns.**

Where gratuities or compensation from a member to an employee of a financial concern (including another member or a non-member broker, dealer, bank or institution) exceed \$100 in any given calendar year, the donor must obtain the prior consent of the recipient's employer and of the Exchange.

### **Procedure to Request Gift Approval**

No member should make a gift in excess of the limits indicated above, without first obtaining Exchange approval. Requests for Exchange approval may be made on the attached form. Additional copies of the form may be obtained from the Exchange's Office of the Secretary.

To obtain approval for a gift to an Exchange employee that exceeds the limits indicated above, the request should be submitted to the employee's Division Head. (Upon granting or denying the request, Division Heads will submit the information to the Office of the Secretary.) To obtain Exchange approval for a gift to an employee of a financial concern (including another member), the request should be submitted to the Office of the Secretary. The request should also reflect the consent of the financial concern.

The Gratuities Policy is set forth in the CBOE Employee Handbook under the "Workplace Policies" tab (p. 27). Questions regarding the Gratuities Policy may be directed to Patrick Sexton at 312-786-7467 or [sexton@cboe.com](mailto:sexton@cboe.com).



**Form to Request Prior Approval of Gratuities and Compensation  
Under Exchange Rule 4.4**

This form may be used to request prior approval of the Exchange for gratuities or compensation to an:

- employee of the Exchange in an amount greater than \$50 in any calendar year,
- employee of the Exchange's Legal Division or Regulatory Services Division that has more than a nominal value (such as a coffee mug), or
- employee of a financial concern in an amount greater than \$100 in any calendar year.

1. Name of Recipient \_\_\_\_\_

2. Recipient's Employer \_\_\_\_\_

3. Recipient's Position/Title \_\_\_\_\_

4. Nature of gratuity or compensation \_\_\_\_\_

5. Dollar value of gratuity or compensation \_\_\_\_\_

6. Total dollar value and nature of other gratuities or compensation to recipient during calendar year \_\_\_\_

7. Reason for gratuity or compensation \_\_\_\_\_

8. Person Giving the Gratuity or Compensation

Name of Member: (Print) \_\_\_\_\_ Firm, if any \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

9. Consent of Employer: ☐ Granted ☐ Denied  
(for employees of CBOE obtain consent from the employee's Division Head)

Name: (print) \_\_\_\_\_ Firm or CBOE Division \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

10. Consent of Exchange: ☐ Granted ☐ Denied  
(for gifts to employees of financial concerns)

Name: (print) \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_