

## **Regulatory Circular RG96-41**

Date: May 2, 1996  
To: Membership  
From: Membership Department  
Re: Member Death Benefit

The Exchange recently filed with the Securities and Exchange Commission ("SEC") a rule filing proposing to increase and expand the Member Death Benefit Program which is set forth in CBOE Rule 3.24. On April 25, 1996, the SEC approved the rule change.

Since its inception, the rule has provided for a death benefit to be paid to the designated beneficiaries of individual "active" members in an amount equal to \$25 times the number of active members at the time of the member's death. The most recent death benefits have amounted to a total of approximately \$35,000. For the purposes of the rule, an active member is an individual who is a nominee of a member organization, a Chicago Board of Trade Exerciser, a lessee of an Exchange membership, or an owner of an Exchange membership that is not being leased to a lessee.

The primary changes to the member death benefit rule are as follows:



The coverage of the rule has been extended to include any individual who was an active member within 90 days prior to the date of his or her death and was an active member during at least 274 out of the 365 days preceding the date of his or her last termination from active member status.



The method for calculating the death benefit has been changed and the dollar value of the benefit has been increased. The death benefit will now be a defined benefit of \$50,000. Accordingly, instead of being billed \$25 by the Exchange after a Member Death Benefit payout has occurred, each active member will be assessed an amount equal to \$50,000 divided by the number of active members at the time of the Member Death Benefit assessment. Today, the assessment would amount to approximately \$37.

A complete description of the changes to CBOE Rule 3.24 will be published in the Regulatory Bulletin in the near future. Members are encouraged to take this opportunity to review their Designated Beneficiary Form, which is maintained in the Membership Department, to ensure that such information is current.

Questions concerning the changes to the member death benefit should be directed to Rae Tapia-Pancake, Director of Membership, at (312) 786-7460.