

**Regulatory Circular RG98-140**

**To: Members**

**From: Membership Department**

**Re: Termination of CBOE/CBOT Joint Venture Agreement**

**Date: December 10, 1998**

The Joint Venture Agreement between the Chicago Board Options Exchange, Incorporated (CBOE) and the Chicago Board of Trade (CBOT) is not going to be renewed and will terminate effective on December 29, 1998.

A Joint CBOE/CBOT Committee Has Been Formed to Explore Cooperative Opportunities

In place of the Joint Venture Agreement, CBOE and CBOT have agreed to form a joint, advisory committee to continue to explore cooperative opportunities for the benefit of the memberships of both organizations and to make recommendations regarding such cooperative opportunities to the CBOE Board of Directors and the CBOT Board of Directors. This joint committee will be comprised of three representatives from each exchange and will replace the existing Joint Venture Committee.

All CBOT Exercisers Will Be Assessed CBOE Dues and the CBOE Technology Fee to the Same Extent Other CBOE Members Are Charged Dues and the Technology Fee

As a result of the termination of the Joint Venture Agreement, CBOE dues will no longer be waived for CBOT exercisers who make no trades in CBOE contracts in the immediate previous quarter, and all CBOT exercisers will be charged CBOE dues to the same extent that other CBOE members are charged CBOE dues.<sup>1</sup> Accordingly, each person who is an effective CBOT exerciser member of CBOE at the end of the first business day of a calendar quarter will be charged the applicable CBOE dues for that quarter.

Similarly, the CBOE technology fee, which is \$200 per month, will no longer be waived for CBOT exercisers who make no trades in CBOE contracts in the immediate previous month. As a result, each person who is an effective CBOT exerciser member of CBOE at the end of the first business day of a month will be charged the technology fee for that month.

CBOE will begin assessing dues and the technology fee to CBOT exercisers on January 4, 1999. Therefore, any CBOT exerciser who does not wish to be assessed CBOE dues and the

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<sup>1</sup>CBOE dues are currently \$625 per quarter, subject to a 25% discount if CBOE average daily volume on a fiscal year-to-date basis (ADV) is between 800,001 - 850,000 contracts, a 50% discount if CBOE ADV is between 850,001 - 875,000 contracts, a 75% discount if CBOE ADV is between 875,001 - 900,000 contracts, and a 100% discount if CBOE ADV exceeds 900,000 contracts.

CBOE technology fee on January 4, 1999 must terminate his or her CBOE membership status prior to the end of the day on that date by notifying the CBOE Membership Department in writing by no later than 5:00 p.m. on January 4, 1999 of his or her termination from CBOE membership.

All CBOT Exercisers Are Required to Designate a Clearing Member for the Payment of CBOE Invoices

All CBOE members, including CBOT exercisers, are required by CBOE Rule 3.23 to designate a CBOE Clearing Member for the payment of CBOE invoices by means of the integrated billing system. Any CBOT exerciser who needs to designate a CBOE Clearing Member pursuant to Rule 3.23 or to update that person's current Clearing Member designation should contact the CBOE Membership Department to process this designation prior to January 4, 1999.

All CBOT Exerciser Applicants Will Be Assessed CBOE Membership Application Fees to the Same Extent Other CBOE Membership Applicants Are Charged CBOE Membership Application Fees

Due to the termination of the Joint Venture Agreement, CBOE membership application fees will also no longer be waived for CBOT exercisers. Accordingly, commencing on December 29, 1998, each CBOT exerciser membership applicant will be charged CBOE membership application fees to the same extent that other CBOE membership applicants are charged CBOE membership application fees. These membership application fees include, but are not limited to, the \$2,000 fee for new membership applicants and the \$100 renewal/change of status fee.

Any questions regarding this circular may be directed to RaeDell Pancake, Director of the Membership Department, at (312) 786-7460.