

Regulatory Circular RG99-181

Date: 15 September 1999

To: Members and Member Organizations

From: Office of the Secretary

Re: Gratuities Policy – Rule 4.4

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 Employee Conflict of Interest Policy.

Gifts and Gratuities to CBOE Employees

Recently, the Exchange amended its Gratuities Policy with respect to CBOE employees. In pertinent part, the policy with respect to employees provides:

- CBOE employees may not accept any gift or gifts (including a gratuity, loan 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.
- 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 these restrictions, without obtaining prior written consent from the Division Head in charge of the employee's division or, for Division Heads, from the President.

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) exceeds \$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 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.

Questions regarding the Gratuities Policy may be directed to Nancy Nielsen at (312) 786-7466.



**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, 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 _____

Signature: _____ **Date:** _____

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

Signature: _____ **Date:** _____