



To: CBOE Members

Information Circular IC05-56

From: Allocation Committee

Date: May 2, 2005

Re: Relocation of ETF, Holders and Indexes on CBOE

Creation of ETF Super Pit

- The Allocation Committee is considering relocating approximately 88 non-equity option classes (please see attached list of classes) to one Super Pit on CBOE's trading floor – specifically Post 6, Stations 4 and 5.
- In connection with this proposal, and to provide for sufficient physical trading space, the Allocation Committee would relocate all classes currently located at Post 6, Station 5 to Post 6, Station 2. TD Options would continue to act as the DPM in these option classes at Post 6, Station 2.
- The DPMs who have been allocated these non-equity option classes and trade them at various locations on the trading floor, would continue to act as the DPM in the classes at the Super Pit. If the DPM, however, determined that it did not want to act as the DPM at this new Super Pit, the option class(es) would be reallocated to another DPM operating at the Super Pit.

Rationale for Proposal

- The Allocation Committee believes that relocating these 88 non-equity option classes to a Super Pit is in the best interests of the Exchange based on operational factors and efficiency, including, but not limited to, trading volume and market share in these classes, and the number of market participants at the trading stations. Moreover, the Committee believes that the creation of this Super Pit with these non-equity option products will increase the trading volume and CBOE's market performance in these classes, in part because it would likely increase the number of Market-Makers and members organizations who trade these products.
- The Equity Market Performance Committee, the MTS Committee, the Index Market Performance Committee and the Floor Directors Committee have endorsed this proposal.

Committee Process and Member Input

- Prior to the Committee making a final decision with respect to the relocation of these non-equity option classes, members affected by the proposal may request to appear before the Committee to discuss the action the Committee is considering, or submit a written statement to the Committee expressing their views.
- If you would like to appear before the Committee to discuss the action the Committee is considering, please contact Allison Kile at (312) 786-7210 **on or before 12:00 p.m. on Friday, May 6, 2005**. Alternatively, you may provide the Committee with a written statement expressing your views **on or before 12:00 p.m. on May 6, 2005**.

Attachments

Stay informed about issues at CBOE! Sign up today to receive informational and news notices via e-mail or fax. E-mail your name, firm (if applicable) and desired e-mail address or fax number to members@cboe.com or contact Doug Luzzi at 312-786-7105.