



Information Circular IC09-09

To: All CBOE Members and Member Firms
From: Membership Department
Date: February 13, 2009
Re: Exchange Services Regarding the Seat Lease Market

Recently, the Exchange has received inquiries from members and member firms regarding CBOE services to facilitate contact between Lessee and Lessor members for seat leases. While CBOE does not and will not serve as agent to any party either seeking to acquire or lease memberships, the Exchange does offer two programs related to the seat lease market for the benefit of its Membership.

CBOE Members' Seat Lease Interest Web Page

Information Circular IC06-49, issued on May 1, 2006, informed the Membership that the Members' section of www.CBOE.org provides an electronic bulletin board, the **Seat Lease Interest Web Page**, for the posting of indications of interest in leasing CBOE seats. Both those seeking seats for lease and those offering seats for lease may utilize this service to publicize their interest as either a Lessee or a Lessor. This page resides on the password-protected Member Web Site, and can be found, after logging into the Member Web Site, by clicking "*CBOE Membership Seat Lease Interest*" under the "*Membership*" tab. The Membership Committee designed this site to provide greater transparency between Lessor and Lessee Members wishing to communicate their respective interests in leasing CBOE memberships. Lessee and Lessor Members must use on-line forms to submit a seat lease interest listing to the CBOE Membership Department. Following the receipt of this submission, an e-mail confirmation is sent to the submitting Member indicating that the listing has been received by the Membership Department. Once the Department reviews the submitted listing, the information contained in the on-line form is systematically populated on the Seat Lease Interest Web Page. At this time, a second e-mail confirmation is sent to the submitting Member as notification that the listing is posted on the Web Page. The Web Page is continually updated throughout the day as listings are received. Listings that are received after 3:00 pm Chicago time are typically posted on the Web Page the following morning. When a CBOE membership is leased as a result of a posted indication of interest, the seat lease interest listing is removed from the Web Page. To ensure that the information posted on the Web Page is up to date, Lessee and Lessor listings are displayed through the 4th day of the month that follows the posted seat lease interest date, and then removed from the Web Page. Members must then resubmit their indication of interest to be relisted. Members wishing to use this service who do not have a password to access the password-protected portion of the CBOE Member Web Site, or who have any questions about the facility, may contact the CBOE Membership Department at 312-786-7449 or members@cboe.com.

CBOE Lessor Compensation Program Related to the Interim Trading Permits (ITPs)

Additionally, Information Circular IC08-155, issued on September 11, 2008, described the component of the ITP Plan under which, as long as the ITP Plan is active on CBOE and any ITPs are outstanding, CBOE Lessor members that are unable to lease their memberships at a rate reasonably related to the indicative lease rate¹ may receive assistance and potential compensation from CBOE for their unleased

¹ The indicative lease rate is the highest clearing firm floating monthly rate of the clearing firms that facilitate at least 10% of the transferable membership leases. The clearing firm floating monthly rate is the floating rate that a clearing firm designates, in connection with transferable membership leases that the clearing firm assisted in facilitating, for leases that utilize that monthly rate.

membership(s). The ITP program is currently in effect and there are 49 ITPs outstanding. In order to receive such assistance and potential compensation, Lessor members must notify the CBOE Membership Department of their unleased memberships by completing an on-line notification form also posted on the CBOE member website at <https://www.cboe.org/members/OpenLeaseNotice>. Upon receiving notice of any unleased memberships through the on-line notification form, the Membership Department will provide notice to ITP holders, temporary members, and the Exchange membership of the availability of those memberships for lease via e-mail and the **Seat Lease Interest Web Page**. For any of these memberships that then remain unleased, CBOE will make a monthly payment to the applicable Lessor(s) with respect to each such membership in the amount of the indicative lease rate as long as the Lessor is offering the membership for lease at a rate reasonably related to the indicative lease rate. If the number of these unleased memberships ever exceeds the number of ITPs, owners with open leases who had notified CBOE of their unleased memberships will receive a pro-rata share of a pool determined by the number of ITPs multiplied by the indicative lease rate. In any case in which CBOE compensates a Lessor for an unleased membership, the Lessor will retain the voting rights and all other privileges of the membership and the Exchange may recoup the compensation paid for any period of time during which the membership becomes leased. Members may refer to CBOE Rule 3.27 for additional details. Members with questions regarding this process may contact Stan Leimer, Director of Membership, at (312) 786-7299 or leimer@cboe.com.

(This circular updates Information Circulars IC06-49 and IC08-155.)