



Regulatory Circular RG01-39

Date: March 22, 2001

To: Members and Membership Applicants

From: Membership Committee

Re: Posting Process for Membership Applicants

The Securities and Exchange Commission has approved a CBOE rule filing (SR-CBOE-00-60) that amends the rule provisions contained in CBOE Rule 3.9(e) regarding the posting process for membership applicants. In accordance with that amendment, the Membership Committee has determined to revise the posting process for membership applicants in the following manner. This revised posting process will take effect on April 16, 2001.

Ability to Submit Information Regarding a Current or Former Member At Any Time

- Members may submit in writing to the Membership Department, at any time, information concerning any current or former member that bears upon the current or former member's qualifications and fitness for membership under CBOE's rules.
- In the event the Membership Department receives a submission concerning a current or former member, the Membership Department will file the submission in the current or former member's membership file, will inform the current or former member that such a submission has been received, and will provide the current or former member with an opportunity to view the submission and submit a written reply which will also be filed in the current or former member's membership file.
- If a current or former member submits a membership application (including an application to change membership status) and if at the time of receipt of the application by the Membership Department there is a member submission in that person's membership file which was not previously considered by the Membership Committee, the following process will occur. The Membership Department will ask the member that made the submission whether the member continues to want the submission to be considered by the Membership Committee. If so, the applicant will be given an opportunity to view the submission and submit a further written reply, and the applicant's application will be reviewed by the Membership Committee.
- A member submission concerning a current or former member that is received by the Membership Department after receipt of a then pending membership application from that current or former member may or may not be considered by the Membership Committee in connection with the pending application depending on the timing of receipt of the submission and the processing of the application.

Change of Status Applicants

- There will be no posting period for change of status applicants. Change of status applicants include current members who are applying to change membership status and applicants who have been a member of CBOE within the prior 6 months.
- Change of status applications may be approved by the Membership Department once they have been processed by the Department. It is anticipated that most change of status applications will generally be processed within 5 business days after receipt by the Membership Department of all required application documentation.
- However, there are situations in which a change of status application may take more than 5 business days to process. For example, if a member submission has been received by the Membership Department which bears upon an applicant's qualifications and fitness for membership, the process described above shall apply. If there are a large volume of applications or other work being processed by the Membership Department, this may effect the application processing period. Also, a change of status application may be subject to further review if, among other things, further information or investigation is required concerning one or more aspects of the application or the applicant has been subject to disciplinary action since the last time the applicant was reviewed by the Membership Committee. Additionally, the Membership Committee retains the authority to review any membership application and this review process may take more than 5 business days.
- The approval of any change of status application shall not occur unless and until the Membership Department officially notifies the applicant or the applicant's clearing firm that the application has been approved.

New Membership Applicants

- The current posting process for new membership applicants will remain in place. New membership applicants include applicants who have never been a member of CBOE or who have not been a member of CBOE within the prior 6 months.
- New membership applicants will be posted on CBOE's Bulletin Board for 14 calendar days. In accordance with Rule 3.9(h), this posting period must be satisfied before a new membership applicant may be approved for CBOE membership. These postings will also appear in the Exchange Bulletin. A posting includes the name of the applicant and the application request.
- During the posting period for a new membership applicant, members may submit in writing to the Membership Department information concerning the applicant that bears upon the applicant's qualifications and fitness for membership under CBOE's rules. The applicant will be given an opportunity to view any such submission and to submit a written reply to the Membership Department.

Applicants to Change Clearing Firms

- The current posting period when a member changes clearing firms will remain in place. Thus, there will be a 14 calendar day posting period when a member changes clearing firms

unless the prior clearing firm waives the posting period in a form and manner prescribed by CBOE.

- If the prior clearing firm does not waive the posting period, the posting period process shall be the same process that applies to new membership applicants.

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

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