

IMPORTANT MEMORANDUM

TO: All Exchange Members

FROM: Department of Financial  
and Sales Practice Compliance

DATE: January 2, 1998

SUBJECT: FOCUS REPORT (Form X-17A-5)  
1997 Year-End Filing  
Due March 2, 1998

Under SEC Rule 17a-10(a)(1) every registered broker-dealer is required to file FOCUS Report X-17A-5 IIA and Schedule I for the calendar year ended December 31, 1997.

Enclosed you will find a FOCUS Report Part IIA and Schedule I. **EVERY EXCHANGE MEMBER AND MEMBER ORGANIZATION** registered with the SEC as a broker-dealer and whose designated examining authority is the CBOE, must file FOCUS Report Part IIA and Schedule I thereto for calendar year 1997 no later than March 2, 1998, with the Exchange's Department of Financial and Sales Practice Compliance on the 7th floor.

The CBOE will compile the data and forward a computer tape containing the data for all members to the Securities and Exchange Commission.

In an effort to increase the confidentiality of FOCUS information and reduce processing time and errors in the preparation of FOCUS filings, the CBOE has entered into an agreement with the Chicago Board of Trade ("CBOT") and the Chicago Mercantile Exchange ("CME") to utilize WinJammer, an electronic FOCUS filing system. This year, CBOE members will have the option of using WinJammer, which provides for the direct electronic submission of FOCUS reports to the CBOE. This program eliminates the need for a paper copy filing. WinJammer is a personal computer program which requires the installation of WinJammer software and a Personal Identification Number diskette ("PIN" disk). The software and PIN disk will be provided by the CBOE upon a member's completion of the WinJammer Software License Agreement and PIN Agreement. If you have any questions regarding WinJammer, and/or would like to request the WinJammer software and PIN disk, please contact the Department of Financial and Sales Practice Compliance at (312) 786-7942.

Computer system requirements for operating WinJammer are discussed later in this memorandum.

A number of clearing firms have indicated that they would be providing assistance to their Members for year-end FOCUS completion and/or electronic FOCUS filing. For information regarding the services offered, please contact your respective clearing firm.

A twenty-five dollar (\$25) filing fee was approved by the Board of Directors on June 5, 1991 (Regulatory Circular RG91-39). The fee was initiated to partially recover FOCUS processing costs and should be attached to form X-17A-5 (checks only, please). If the FOCUS is filed electronically, your account at your clearing firm will be charged \$25 no later than March 2, 1998. It is anticipated that a higher filing fee of \$100 may be applied in 1999 for year-end 1998 Focus filings submitted in paper form. Electronic filers would continue to be charged \$25.

It should be noted that **every** member and member organization registered with the SEC as a broker/dealer for which the Exchange has regulatory responsibility must file a FOCUS Report Form X-17A-5 Part IIA and Schedule I. **Therefore, if you are a nominee and a registered broker/dealer, you must submit a separate FOCUS Report Form X-17A-5 Part IIA and Schedule I for your personal broker-dealer activity. Your member organization must also submit these reports for the firm's activities.**

**ATTENTION: CBT Exercisers and Lessors**

Even if you did not execute any trades on the CBOE during calendar year 1997, if you have a broker/dealer registration with the SEC you are still required to file the FOCUS Report Form X-17A-5 Part IIA and Schedule I.

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In filling out FOCUS Form X-17A-5 and Schedule I, it is very important that the following points be observed:

1. Your filing must be accurate. You may wish to consult your accountant for assistance in satisfying your filing obligations.
2. All entries should pertain to your business as a broker/dealer. You need not list assets, liabilities or revenue derived outside your broker/dealer activity.
3. Line 12 (Total Assets) on page one (1) must equal line

25 (Total Liabilities and Ownership Equity) on page two (2).

4. The form must be signed (unless filing electronically) and must contain your broker/dealer number (SEC file number).
5. Please be aware that it is your ultimate responsibility to file the FOCUS Report. Although your clearing firm may provide assistance with regard to completing the FOCUS Report, it is your responsibility to make sure your FOCUS Report is filed with the Department of Financial and Sales Practice Compliance on or before **March 2, 1998**.

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In accordance with CBOE Rule 17.50, any member who fails to file Form X-17A-5 and Schedule I for calendar year 1997 by March 2, 1998 shall be subject to the following fines:

<u>DAYS LATE</u>	<u>AMOUNT</u>
1-30	\$200
31-60	\$400
61-90	\$800

Repeated failure to file FOCUS Report Form X-17A-5 and Schedule I in a timely manner will be referred to the Exchange's Business Conduct Committee as will a failure to file more than ninety (90) days late.

If you are unsure as to whether you are required to file or have any questions, please contact the Department of Financial and Sales Practice Compliance on the 7th floor at (312) 786-7942.

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**ATTENTION: WinJammer System Requirements**

In order to run WinJammer you must be using Windows 3.1, Windows NT, Windows 95, OS/2, or Windows for Workgroups.

Windjammer will operate on a 386 computer with 4 MB of RAM , but it is highly recommended that you use at least a 486 computer with 16 MB of RAM. Additionally, if the computer your using has only 4 MB of RAM it is suggested that you shut down all other applications to improve performance. Modem rate should be 2400 baud or higher. Specific instructions are listed on page 3 of the **Quick Start Guide** which is provided with the WinJammer software .

In order to obtain a copy of the WinJammer software along with the **Quick Start Guide**, please contact the Department of Financial and Sales Practice Compliance on the 7<sup>th</sup> floor at (312) 786-7942. ***For technical questions related to WinJammer's installation and use, please contact CBOE Focus Help-Line at 312 786-7035.***

(RG97-07 Reissued)