



Regulatory Circular RG08-14

Date: January 16, 2008

To: Members and Member Organizations

From: Division of Member and Regulatory Services

Re: Revisions to CBOE Rule 4.20 – Anti Money Laundering Compliance Program

Exchange Michael LaGioia at 312-786-7728
Contacts: Robert Gardner at 312-786-7937

The Securities and Exchange Commission (“SEC”) has approved Chicago Board Options Exchange (“CBOE” or “the Exchange”) rule filing SR-CBOE-2007-130, which amends Exchange Rules 4.20 – Anti Money Laundering Compliance Program. Highlights of the changes to the rule:

- Establishes that independent testing for compliance must be conducted at least annually (on a calendar year basis) by members who conduct a public customer business, or every two years if not conducting a public customer business.
- Clarifies that the individual designated to implement and monitor the Anti-Money Laundering Compliance Program must be a person associated with the member.
- Establishes independent testing requirements, which include:
 - o All members should undertake to conduct more frequent testing than required by the rule, if circumstances warrant.
 - o Independent testing must be conducted by a designated person with a working knowledge of applicable requirements under the Bank Secrecy Act and its implementing regulations.
 - o Independent testing may not be conducted by:
 - 1) a person who performs the functions being tested, or
 - 2) the designated anti-money laundering compliance person or
 - 3) a person who reports to a person described in either 1 or 2 above.

A copy of the rule filing and the SEC’s approval order is available on CBOE’s website at <http://www.cboe.org/legal>.

Questions concerning this Regulatory Circular can be directed to Michael LaGioia at 312-786-7728 or Robert Gardner at 312-786-7937.