



CHICAGO BOARD OPTIONS EXCHANGE

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*Sponsored User Program Materials*

## **Application Process**

### **Filing Requirements**

Prior to submitting a Sponsored User Agreement, the Sponsoring Member must be a Member in good standing of the Chicago Board Options Exchange, Incorporated or must be a Trading Permit Holder in good standing of the CBOE Stock Exchange, LLC, as applicable (collectively, the "Exchange").

### **Checklist**

The Sponsoring Member and the Sponsored User must complete and submit all applicable materials noted in the checklist below, along with any applicable fees to:

Chicago Board Options Exchange  
Attn: Membership Department  
400 S. LaSalle Street  
Chicago, IL 60605  
E-mail: [members@cboe.com](mailto:members@cboe.com)  
Fax: (312) 786-8140

Note: All materials sent to the Exchange will be reviewed by its Membership and Market Regulation Departments for completeness and adequacy. If you have questions on completing the materials, you may direct them to the Membership Department ([members@cboe.com](mailto:members@cboe.com) or 312-786-7499) concerning the Sponsored User Agreement and Letter of Authorization or the Market Regulation Department (312-786-7722) concerning the Sponsored User's List of Authorized Traders.

### **Process**

- Following submission of the materials noted in the checklist below and relevant fees, the materials will be reviewed for completeness and adequacy.
- Once it has been determined that the materials noted in the checklist below are complete and adequate, the Membership Department will inform the Sponsoring Member and the Sponsored User of the CBOE's acceptance of the Sponsored User registration status.
- The Sponsoring Member and the Sponsored User are required to consult with the Exchange's Application Program Interface ("API") Group ([api@cboe.com](mailto:api@cboe.com) or 312-786-7300) to coordinate connectivity between the Sponsored User and the Exchange.
- Once connectivity is established, a representative of the Exchange API Group will inform the Sponsoring Member of the Sponsored User's ability to have electronic access to the Exchange System(s).

### **Documentation Checklist**

- Signed Sponsored User Agreement for (as applicable):
  - CBOE (Attachment A-1; an interactive form is available at <https://www.cboe.org/members/generalinfo/MemberFormArchive/SponsoredUser200806.pdf>)
  - CBSX (Attachment A-2; an interactive form is available at <http://www.cbsx.com/membership/cbsxsponsoreduser.pdf>)
  - CFLEX (Attachment A-1 and Attachment A-3; an interactive form is available at <http://www.cboe.com/institutional/SPONSOR.pdf>)
- Sponsoring Member's Written Supervisory Procedures Related to the Sponsored User Program
- Sponsored User's List of Authorized Traders (Attachment B)
- Registration Fee for CBOE Sponsored Users Only -\$2,500

ATTACHMENT A  
Sponsored User Agreement

Complete and sign only the applicable agreement(s) seeking  
Sponsored User access to:

- CBOE (Attachment A-1)
- CBSX (Attachment A-2)
- CFLEX (Attachment A-1 and Attachment A-3)



Membership Department  
400 S. LaSalle Street  
Chicago, Illinois 60605  
(312) 786-7449 - Phone  
(312) 786-8140 - Fax  
www.cboe.org

## SPONSORED USER AGREEMENT

*This Sponsored User Agreement (“Agreement”) is to be entered into and maintained by Sponsoring Member and Sponsored User with CBOE, each as identified below, in order for Sponsored User to obtain and maintain authorized electronic access to the facilities and products in CBOE Rule 6.20A. (See CBOE Rule 6.20A for definitions and requirements)*

Sponsoring Member acknowledges and agrees that:

(A) all orders entered by Sponsored User, any person acting on behalf of Sponsored User (e.g., employees or agents of Sponsored User), or any person acting in the name of Sponsored User (e.g., customers of Sponsored User) and any executions occurring as a result of such orders are binding in all respects on Sponsoring Member;

(B) Sponsoring Member is responsible for any and all actions taken by Sponsored User and any person acting on behalf of or in the name of Sponsored User;

(C) Sponsoring Member will be bound by and comply with CBOE’s Certificate of Incorporation, Constitution, Rules, Circulars and procedures, as well as any other equivalent documents (the “CBOE Rules”); and

(D) Sponsoring Member must maintain an up-to-date list of persons who could obtain access to CBOE on behalf of Sponsored User (i.e., Authorized Traders) and provide that list to the Exchange upon request. In addition, Sponsoring Member must have reasonable procedures to ensure that Sponsored User and all of Sponsored Users’ Authorized Traders: (i) maintain the physical security of CBOE, which includes, but is not limited to, the equipment for accessing the facilities of CBOE, to prevent the unauthorized use or access to CBOE, including the unauthorized entry of information into CBOE, or the information and data made available therein; and (ii) otherwise comply with the CBOE Rules. If CBOE determines that Sponsored User or an Authorized Trader has caused Sponsoring Member to violate the CBOE Rules, CBOE may direct Sponsoring Member to suspend or withdraw Sponsored User’s status as a Sponsored User or the person’s status as an Authorized Trader and, if so directed, Sponsoring Member must suspend or withdraw such status.

Sponsored User agrees:

(A) to be bound by and comply with the CBOE Rules as if Sponsored User were a CBOE Member;

(B) to maintain, keep current and provide to Sponsoring Member a list of persons who have been granted access to CBOE on behalf of Sponsored User (“Authorized Traders”);

(C) to familiarize its Authorized Traders with all of Sponsored User’s obligations under Rule 6.20A and assure that they receive appropriate training prior to any use of or access to CBOE;

(D) to not permit anyone other than Authorized Traders to use or obtain access to CBOE;

(E) to take reasonable security precautions to prevent unauthorized use or access to CBOE, including unauthorized entry of information into CBOE, or the information and data made available by CBOE and to be responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of Sponsored User and any person acting on behalf of or in the name of Sponsored User, and for the trading and other consequences thereof;

(F) to establish adequate procedures and controls to permit it to effectively monitor use of and access to CBOE by any person acting on behalf of or in the name of Sponsored User for compliance with the terms of these sponsorship provisions; and

(G) to pay when due all amounts, if any, payable to Sponsoring Member, CBOE or any other third parties that arise from Sponsored User's use of or access to CBOE, including, but not limited to, applicable Exchange and regulatory fees.

(H) that the Sponsoring Member/Sponsored User relationship in no way conveys any "member," "member organization" or "associated person" status, interests or rights upon Sponsored User under CBOE Rules. Without limiting the generality of the forgoing, Sponsored User status is non-transferable and Sponsored User has no interest in the assets or property of CBOE, and has no right to share in any distribution of CBOE or to vote on any matters submitted to membership for vote. In addition, Sponsored User is not considered a "member" or "associated person of a Member" for purposes of the Exchange Act, or the rules and regulations thereunder, and is not subject to the disciplinary jurisdiction of CBOE.

Sponsoring Member and Sponsored User must enter into and maintain this Sponsored User Agreement with the Exchange and agree to be bound by any Sponsored User Agreement Schedules issued by CBOE. Sponsoring Member and Sponsored User must also enter into and maintain a customer agreement(s) establishing a proper relationship(s) and account(s) through which Sponsored User will be permitted to trade on CBOE.

To the extent any provision of this Agreement conflicts with any change in applicable law, the regulations of the Securities and Exchange Commission, or CBOE Rules, such law, regulation, or CBOE Rule shall supersede that provision.

**Acknowledged and agreed to by Sponsoring Member:**

Sponsoring Member's Name: \_\_\_\_\_  
BD No: 8- \_\_\_\_\_ OCC No (if applicable): \_\_\_\_\_  
Sponsoring Member Representative (signature): \_\_\_\_\_  
Sponsoring Member Representative (name): \_\_\_\_\_  
Phone: \_\_\_\_\_ Email: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_

**Acknowledged and agreed to by Sponsored User:**

Sponsored User's Name: \_\_\_\_\_  
BD No: 8 - \_\_\_\_\_  
Corporate Form: \_\_\_\_\_ State of Organization: \_\_\_\_\_  
Sponsored User Representative (signature): \_\_\_\_\_  
Sponsored User Representative (name): \_\_\_\_\_  
Business Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Email: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_



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Chicago, Illinois 60605  
(312) 786-7449 - Phone  
(312) 786-8140 - Fax  
www.cboe.org

**SPONSORED USER  
LETTER OF AUTHORIZATION**

*To be completed, if applicable, by Sponsoring Member's clearing firm (see CBOE Rule 6.20A for definitions and requirements).*

To the extent Sponsoring Member is not a clearing firm, Sponsoring Member's clearing firm, which must be a CBOE member organization, hereby accepts responsibility for the clearance of Sponsored User's transactions.

**Acknowledged and agreed to by Sponsoring Member's Clearing Firm:**

Clearing Firm's Name: \_\_\_\_\_  
BD No: 8 - \_\_\_\_\_ OCC No: \_\_\_\_\_  
Clearing Firm Representative (signature): \_\_\_\_\_  
Clearing Firm Representative (name): \_\_\_\_\_  
Phone: \_\_\_\_\_ Email: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_

Accepted by CBOE

By (Signature): \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Date: \_\_\_\_\_



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## SPONSORED USER AGREEMENT

*This Sponsored User Agreement (“Agreement”) is to be entered into and maintained by Sponsoring Member and Sponsored User with CBSX, a facility of the Chicago Board Options Exchange, Incorporated (“CBOE”), each as identified below, in order for Sponsored User to obtain and maintain authorized electronic access to the CBSX facility in accordance with CBOE Rule 6.20A (see CBOE Rule 6.20A for definitions and requirements).*

### **Sponsoring Member acknowledges and agrees that:**

(A) all orders entered by Sponsored User, any person acting on behalf of Sponsored User (e.g., employees or agents of Sponsored User), or any person acting in the name of Sponsored User (e.g., customers of Sponsored User) and any executions occurring as a result of such orders are binding in all respects on Sponsoring Member;

(B) Sponsoring Member is responsible for any and all actions taken by Sponsored User and any person acting on behalf of or in the name of Sponsored User;

(C) Sponsoring Member will be bound by and comply with CBOE’s Certificate of Incorporation, Constitution, Rules, Circulars and procedures, as well as any other equivalent documents (the “CBOE Rules”); and

(D) Sponsoring Member must maintain an up-to-date list of persons who could obtain access to CBSX on behalf of Sponsored User (i.e., Authorized Traders) and provide that list to the Exchange upon request. In addition, Sponsoring Member must have reasonable procedures to ensure that Sponsored User and all of Sponsored Users’ Authorized Traders: (i) maintain the physical security of CBSX, which includes, but is not limited to, the equipment for accessing the facilities of CBSX, to prevent the unauthorized use or access to CBSX, including the unauthorized entry of information into CBSX, or the information and data made available therein; and (ii) otherwise comply with the CBOE Rules. If CBSX determines that Sponsored User or an Authorized Trader has caused Sponsoring Member to violate the CBOE Rules, CBOE and/or CBSX may direct Sponsoring Member to suspend or withdraw Sponsored User’s status as a Sponsored User or the person’s status as an Authorized Trader and, if so directed, Sponsoring Member must suspend or withdraw such status.

### **Sponsored User agrees:**

(A) to be bound by and comply with the CBOE Rules applicable to CBSX as if Sponsored User were a CBOE member;

(B) to maintain, keep current and provide to Sponsoring Member a list of persons who have been granted access to CBSX on behalf of Sponsored User (“Authorized Traders”);

(C) to familiarize its Authorized Traders with all of Sponsored User’s obligations under Rule 6.20A and assure that they receive appropriate training prior to any use of or access to CBSX;

(D) to not permit anyone other than Authorized Traders to use or obtain access to CBSX;

(E) to take reasonable security precautions to prevent unauthorized use or access to CBSX, including unauthorized entry of information into CBSX, or the information and data made available by CBSX and to be responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of Sponsored User and any person acting on behalf of or in the name of Sponsored User, and for the trading and other consequences thereof;

(F) to establish adequate procedures and controls to permit it to effectively monitor use of and access to CBSX by any person acting on behalf of or in the name of Sponsored User for compliance with the terms of these sponsorship provisions; and

(G) to pay when due all amounts, if any, payable to Sponsoring Member, CBSX, CBOE or any other third parties that arise from Sponsored User's use of or access to CBSX, including, but not limited to, applicable Exchange and regulatory fees.

(H) that the Sponsoring Member/Sponsored User relationship in no way conveys any "member," "member organization" or "associated person" status, interests or rights upon Sponsored User under the CBOE Rules. Without limiting the generality of the forgoing, Sponsored User status is non-transferable and Sponsored User has no interest in the assets or property of CBOE and CBSX, and has no right to share in any distribution of CBOE and CBSX or to vote on any matters submitted to membership for vote. In addition, Sponsored User is not considered a "member" or "associated person of a member" for purposes of the Exchange Act, or the rules and regulations thereunder, and is not subject to the disciplinary jurisdiction of CBOE.

Sponsoring Member and Sponsored User must enter into and maintain this Sponsored User Agreement with the Exchange and agree to be bound by any Sponsored User Agreement Schedules issued by CBSX or CBOE. Sponsoring Member and Sponsored User must also enter into and maintain a customer agreement(s) establishing a proper relationship(s) and account(s) through which Sponsored User will be permitted to trade on CBSX.

To the extent any provision of this Agreement conflicts with any change in applicable law, the regulations of the Securities and Exchange Commission, or CBOE Rules, such law, regulation, or CBOE Rule shall supersede that provision.

**Acknowledged and agreed to by Sponsoring Member:**

Sponsoring Member's Name: \_\_\_\_\_

BD No: 8 - \_\_\_\_\_ NSCC No (if applicable): \_\_\_\_\_

Sponsoring Member Representative (signature): \_\_\_\_\_

Sponsoring Member Representative (name): \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

**Acknowledged and agreed to by Sponsored User:**

Sponsored User's Name: \_\_\_\_\_

BD No: 8 - \_\_\_\_\_

Corporate Form: \_\_\_\_\_ State of Organization: \_\_\_\_\_

Sponsored User Representative (signature): \_\_\_\_\_

Sponsored User Representative (name): \_\_\_\_\_

Business Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_



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**SPONSORED USER  
LETTER OF AUTHORIZATION**

*To be completed, if applicable, by Sponsoring Member's clearing firm (see CBOE Rule 6.20A for definitions and requirements).*

To the extent Sponsoring Member is not a clearing firm, Sponsoring Member's clearing firm, which must be a CBSX member organization, hereby accepts responsibility for the clearance of Sponsored User's transactions.

**Acknowledged and agreed to by Sponsoring Member's Clearing Firm:**

Clearing Firm's Name: \_\_\_\_\_

BD No: 8 - \_\_\_\_\_ NSCC No: \_\_\_\_\_

Clearing Member Representative (signature): \_\_\_\_\_

Clearing Member Representative (name): \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

=====

Accepted by Chicago Board Options Exchange, Incorporated

By (Signature): \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_



Membership Department 400 LaSalle St. Chicago, IL 60605 312-786-7449 – Phone 312-786-8140 – Fax <a href="http://www.cboe.org">www.cboe.org</a>
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## SPONSORED USER AGREEMENT

### CFLEX TRADING SYSTEM SCHEDULE A

Sponsored User may only maintain and utilize electronic access to directly enter orders through Sponsoring Member on the CFLEX Trading System if Sponsored User and Sponsoring Member are subject to a valid, ongoing Sponsoring Member/Sponsored User relationship and are parties to an effective Sponsored User Agreement. Refer to the Sponsored User Agreement or CBOE Rules for definitions of terms used herein.

BY USING THE CFLEX TRADING SYSTEM, SPONSORING MEMBER AND SPONSORED USER ACKNOWLEDGE AND AGREE TO THE FOLLOWING TERMS OF USE.

The use of the CFLEX Trading System is subject to this Schedule and to the CBOE Rules, including, without limiting the generality of the foregoing, Rules that limit the liability of CBOE with respect to the use of facilities of CBOE. If Sponsored User is not a CBOE member, by using the CFLEX Trading System Sponsored User agrees to be bound by and comply with the CBOE Rules as if Sponsored User were a CBOE member with respect to Sponsored User's use of the CFLEX Trading System.

The CFLEX Trading System utilizes server software (residing on CBOE's servers) and client software (installed on Sponsoring Member or Sponsored User workstation(s)) that CBOE has licensed from Cinnober Financial Technology AB ("Cinnober"). CBOE grants Sponsoring Member and Sponsored User a limited, non-exclusive, non-transferable sublicense to use the Cinnober client software for the purpose of accessing the CFLEX Trading System and for no other purpose. Sponsoring Member and Sponsored User (i) shall not provide their CFLEX Trading System log-on(s) to any other person; (ii) may not remove or alter any copyright, trademark or other proprietary notice that is associated with any copy of the client software that is made available; or (iii) shall not copy, translate, adapt, vary, modify, disassemble, decompile or reverse engineer any of the Cinnober client software or any Cinnober server software to which access may be obtained by means of the client software, or attempt to perform any of these actions. CBOE reserves the right, subject to the CBOE Rules and applicable law and rules of the Securities and Exchange Commission, to terminate this license and Sponsoring Member's and Sponsored User's access to the CFLEX Trading System at any time without advance notice. CBOE<sup>®</sup> and FLEX<sup>®</sup> are registered trademarks and CFLEX<sup>SM</sup> is a service mark of CBOE.

**ATTACHMENT B**  
Sponsored User's List of Authorized Traders

**Sponsored User – List of Authorized Traders**

Rule 6.20A(b)(1)(ii)(D) provides that a Sponsored User agree that it will maintain, keep current and provide to the Sponsoring Member a list of Authorized Traders. Rule 6.20A(b)(2) also provides in relevant part that a Sponsoring Member must maintain an up-to-date list of the Sponsored User’s Authorized Traders and must provide that list to the Exchange upon request.

Provide the names of the Sponsored User's initial Authorized Traders in the area below (a typed attachment with the same information will also suffice). Updates to this form must be provided to the Exchange whenever the Sponsored User adds or removes an Authorized Trader. The Exchange also recommends that the Sponsored Users have unique Authorized Trader IDs associated with each order submitted to the Exchange. Sponsored Users should provide this Authorized Trader ID information using Tag 116 (OnBehalfOfSubId) in the FIX order message, or the UserAssignedID field for orders submitted using CMI. CMI users must place “116=” in front of the Authorized Trader ID.<sup>1</sup>

Sponsored User Name: \_\_\_\_\_

Sponsoring Member Name: \_\_\_\_\_

AUTHORIZED TRADER	
Name:	_____
Business Address:	_____
Phone:	_____ Fax: _____ Email: _____
Authorized Trader’s unique ID:	_____
AUTHORIZED TRADER	
Name:	_____
Business Address:	_____
Phone:	_____ Fax: _____ Email: _____
Authorized Trader’s unique ID:	_____

<sup>1</sup> If the Sponsored User is not utilizing a unique identifier for each Authorized Trader, the Exchange recommends that the Sponsored User should begin populating Tag 116 (OnBehalfOfSubId) in the FIX data with unique identifiers. CMI users should populate the UserAssignedID field in the following manner: 116=[insert unique identifier]. The Exchange recommends that unique identifiers for each Authorized Trader be used at all times. If the Sponsored User has questions concerning the format of order messages, it may contact the Exchange’s API Group.

AUTHORIZED TRADER

Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Authorized Trader's unique ID: \_\_\_\_\_

AUTHORIZED TRADER

Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Authorized Trader's unique ID: \_\_\_\_\_

Additional Authorized Traders are submitted in a separate document attached hereto.

**Signature of Sponsoring Member Representative:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**ATTACHMENT C**  
Rule 6.20A, Sponsored Users

## **Rule 6.20A. Sponsored Users**

(a) General. This Rule governs electronic access for the entry and execution of orders by Sponsored Users with authorized access to the facilities and products specified below (referred to herein as the "Exchange System(s)") and the applicable requirements that Sponsored Users and Sponsoring Members are required to satisfy in order to engage in a Sponsoring Member/Sponsored User relationship. For purposes of this Rule, a "Sponsored User" is a person or entity that has entered into a sponsorship arrangement with a Sponsoring Member for purposes of receiving electronic access to the Exchange System(s).

(b) Sponsored User. A Sponsored User may obtain and maintain authorized electronic access to the Exchange System(s), only if such access is authorized in advance by one or more Sponsoring Members as follows:

(1) A Sponsored User must enter into a sponsorship arrangement with a "Sponsoring Member," which is defined as a member organization that agrees to sponsor the Sponsored User's access to the Exchange System(s). The sponsorship arrangement consists of three separate components:

(i) The Sponsored User must enter into and maintain a customer agreement(s) with its Sponsoring Member(s), establishing a proper relationship(s) and account(s) through which the Sponsored User will be permitted to trade on the Exchange System(s).

(ii) For a Sponsored User to obtain and maintain authorized access to the Exchange System(s), the Sponsored User and its Sponsoring Member must enter into a written agreement that incorporates the following sponsorship provisions:

(A) The Sponsored User and its Sponsoring Member must have entered into and maintained a Sponsored User Agreement with the Exchange.

(B) The Sponsoring Member acknowledges and agrees that:

(I) all orders entered by its Sponsored User, any person acting on behalf of such Sponsored User ( e.g., employees or agents of the Sponsored User), or any person acting in the name of such Sponsored User ( e.g., customers of the Sponsored User) and any executions occurring as a result of such orders are binding in all respects on the Sponsoring Member; and

(II) the Sponsoring Member is responsible for any and all actions taken by such Sponsored User and any person acting on behalf of or in the name of such Sponsored User.

(C) The Sponsoring Member agrees that it will be bound by and comply with the Exchange's Certificate of Incorporation, Constitution, Rules and procedures, as well as any other equivalent documents pertaining to the Exchange System(s) (the "Exchange Rules"), and the Sponsored User agrees that it will be bound by and comply with the Exchange Rules as if the Sponsored User were an Exchange member.

(D) The Sponsored User agrees that it will maintain, keep current and provide to the Sponsoring Member a list of persons who have been granted access to the Exchange System(s) on behalf of the Sponsored User ("Authorized Traders").

(E) The Sponsored User agrees that it will familiarize its Authorized Traders with all of the Sponsored User's obligations under this Rule and will assure that they receive appropriate training prior to any use of or access to the Exchange System(s).

(F) The Sponsored User agrees that it will not permit anyone other than Authorized Traders to use or obtain access to the Exchange System(s).

(G) The Sponsored User agrees that it will take reasonable security precautions to prevent unauthorized use of or access to the Exchange System(s), including unauthorized entry of information into the Exchange System(s), or the information and data made available by the Exchange. The Sponsored User understands and agrees that it is responsible for any and all orders, trades and other messages and instructions entered, transmitted or received under identifiers, passwords and security codes of the Sponsored User and any person acting on behalf of or in the name of such Sponsored User, and for the trading and other consequences thereof.

(H) The Sponsored User acknowledges its responsibility for establishing adequate procedures and controls that permit it to effectively monitor use of and access to the Exchange System(s) by any person acting on behalf of or in the name of The Sponsored User for compliance with the terms of these sponsorship provisions.

(I) The Sponsored User agrees that it will pay when due all amounts, if any, payable to the Sponsoring Member, the Exchange or any other third parties that arise from the Sponsored User's use of or access to the Exchange System(s). Such amounts include, but are not limited to, applicable Exchange and regulatory fees.

(iii) The Sponsored User and Sponsoring Member must provide the Exchange with a Sponsored User Agreement acknowledging and agreeing to the requirements of this Rule, including an acknowledgement by the Sponsoring Member of its responsibility for the orders, executions and actions of its Sponsored User. To the extent the Sponsoring Member is not a clearing firm, the Sponsoring Member's clearing firm, which must be an Exchange member organization, must provide the Exchange with a Letter of Authorization, which specifically accepts responsibility for the clearance of the Sponsored User's transactions. Upon approval by the Clearing Corporation, if applicable, and filing with the Exchange, an existing Letter of Authorization may be amended to include the Sponsoring Member/Sponsored User relationship. Sponsored User Agreements and Letters of Authorization filed with the Exchange will remain in effect until a written notice of revocation has been filed with the Membership Department. If such a written notice of revocation has not been filed with the Membership Department at least one hour prior to the opening of trading on the particular business day, such revocation shall not become effective until the close of trading on such day. A revocation shall in no way relieve the Sponsoring Member or, if applicable, the Sponsored Member's clearing firm of responsibility for transactions guaranteed prior to the effective date of the revocation.

(2) Each Sponsoring Member must maintain an up-to-date list of persons who may obtain access to the Exchange System(s) on behalf of its Sponsored Users ( *i.e.*, Authorized Traders) and must provide that list to the Exchange upon request. In addition, each Sponsoring Member must have reasonable procedures to ensure that Sponsored User and all of its Sponsored Users' Authorized Traders: (i) maintain the physical security of the Exchange and the System, which includes, but is not limited to, the equipment for accessing the facilities of the Exchange and the Exchanges System(s), to prevent the unauthorized use or access to the Exchange or the Exchange System(s), including the unauthorized entry of information into the Exchange or the Exchange System(s), or the information and data made available therein; and (ii) otherwise comply with the

Exchange Rules. If the Exchange determines that a Sponsored User or an Authorized Trader has caused a Sponsoring Member to violate the Exchange Rules, the Exchange may direct the Sponsoring Member to suspend or withdraw the Sponsored User's status as a Sponsored User or the person's status as an Authorized Trader and, if so directed, the Sponsoring Member must suspend or withdraw such status.

Adopted November 15, 2007 (06-99); amended April 10, 2008 (08-37); June 27, 2008 (08-54).

**. . . Interpretations and Policies:**

**.01** Sponsored Users shall be permitted for the following Exchange Systems: the FLEX Hybrid Trading System ("FLEX"), CBSX and CBOE. For FLEX and CBSX, the number of Sponsored Users shall be unlimited. Except for FLEX and CBSX, the number of Sponsored Users having electronic access to CBOE shall be limited to a total of 15 persons/entities ("Sponsored User Slots"). Sponsored User applications for the CBOE Sponsored User Slots shall be submitted to the Exchange's Membership Department in a manner acceptable to the Exchange and will be processed in the order they are received on a time-stamped basis. For applications received via facsimile or email the time-stamp shall be the time the email/facsimile is received by the Membership Department. If there are more Sponsored User applications than Sponsored User Slots, the Exchange will maintain a waitlist and use a First In, First Out ("FIFO") method for filling the 15 Sponsored User Slots. In the event a Sponsored User application is determined by the Membership Department to be incomplete, the application will not be considered to have been submitted under the FIFO method until a completed application is submitted.

Adopted June 27, 2008 (08-54).