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CBOE REGULATORY OVERSIGHT COMMITTEE

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Scope of Responsibilities

The Regulatory Oversight Committee oversees the independence and integrity of the regulatory functions of the Exchange, and seeks to ensure that the regulatory functions of the Exchange remain free from inappropriate influence.

Specific Functions

- a. Meet regularly with Chief Regulatory Officer and possibly other senior staff in the Regulatory Services Division to learn of new developments and issues confronting the Division, and to hear their reports and concerns;
- b. Review and make recommendations to the Board of Directors regarding the staffing and budget for regulatory operations, including the budget for needed technology or technology support;
- c. Meet regularly with the Internal Regulatory Auditor;
- d. Review decisions by CBOE's Business Conduct Committee not to authorize the issuance of statements of charges that were recommended by Exchange staff, and refer the matters to the Board of Directors for further review in accordance with Rule 17.10(d); and
- e. Make a full report (oral as well as written), no less frequently than once per year to the Board of Directors regarding the Regulatory Services Division and the manner in which CBOE is performing its regulatory functions.

Authority

Authority granted by the Exchange's Constitution, Rules or the Board.

Composition

The Committee will consist of at least four Directors, all of whom must be public Directors, appointed by the Chairman of the Board with the approval of the Board.

Approved by the Board on 4/6/2005